



Daily Report

China

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FBIS-CHI-96-025

Tuesday

6 February 1996

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January 1996

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Daily Report

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FBIS-CHI-96-025

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General

PRC: Spokesman Cites 'Marked Results' in IPR Protection in 1995

BK0602094296 Hong Kong AFP in English
0924 GMT 6 Feb 96

[FBIS Transcribed Text] Beijing, Feb 6 (AFP) — China stood firm Tuesday in the face of threatened US retaliation for its alleged failure to curb copyright piracy, rejecting the accusations and warning that sanctions would hurt US business interests here.

"Protection of intellectual property rights (IPR) is one of China's basic state policies," Foreign Ministry spokesman Shen Guofang said, adding that "marked results" had been achieved in cracking down on piracy and punishing violators over the past year.

The campaign was launched following the February 26, 1995 signing of an 11th-hour Sino-US agreement on IPR protection that prevented the threatened imposition of tit-for-tat trade sanctions.

However, US officials allege that Chinese police have targeted traders and failed to attack the source of the problem — some 34 compact disc and CD-Rom factories churning out 19 million units annually, of which only five million are sold in China.

A US official, briefing journalists in Hong Kong Tuesday, said that counterfeiters in 1995 produced higher-priced items, making the value of US firms' losses to piracy "quite a bit higher" than in the previous year. In 1994, piracy cost US companies some 866 million dollars.

US Trade Representative Mickey Kantor last month revived the threat of sanctions worth some one billion dollars against Chinese imports if Beijing failed to live up to the 1995 IPR agreement.

"We will enforce US trade laws and take decisive action if China does not meet its obligations," Kantor told US businessmen.

Shen expressed Beijing's defiance, saying "the threats from Mr. Kantor will have no impact on China."

"The Chinese market is a highly competitive market, so if the US side intends to impose sanctions against China, it will only end up harming the business interests of the US itself," he said.

The official called for the two sides to solve their differences through "sober discussions on an equal basis, instead of resorting to sanctions."

The US official in Hong Kong expressed "great confidence" that China could satisfy Washington's demand

in the remaining 20 days before the IPR agreement's first anniversary.

US and Chinese officials are to hold talks on the issue in Guangzhou and Beijing over the next two weeks.

PRC: 'Yearender' on Relations With Neighboring Countries

HK0602015096 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 28 Dec 95 p 6

["Yearender" by Tang Tianri (0781 1131 2480): "New Development of China's Relations With Its Neighboring Countries"]

[PTS Translated Text for FBIS] This year, China has made new headway in developing friendly and good-neighborly relations and ties of mutual aid and cooperation with its neighbors. The general view of the neighboring countries is that China is an important force for maintaining peace and promoting progress.

China has maintained contacts and dialog with the top leaders of its neighbors through multiple channels over the past year. First, Chinese leaders, including the state president, the premier of the State Council, the chairman of the NPC Standing Committee, the chairman of the Chinese People's Political Consultative Conference [CPPCC], and senior government officials at and above the ministerial level have paid frequent visits to neighboring countries. Second, heads of state, government leaders, heads of parliaments, vice premiers, and ministers of neighboring countries have visited China. Third, while attending global or regional summits, Chinese leaders have found time to meet with leaders of neighboring countries. These top-level mutual visits and contacts have further enhanced the mutual understanding, trust, and friendship between China and its neighbors.

In Northeast Asia, Sino-Russian relations have continued their steady development thanks to frequent contacts between their leaders. In May, while in Moscow attending the celebrations marking the 50th anniversary of the victory of the anti-fascist war, President Jiang Zemin again met with his Russian counterpart Boris Yeltsin, and further advanced the sustained development of the new relations of good-neighborliness and friendship between the two countries. In May, Premier Li Peng visited Russia for talks with President Boris Yeltsin and Prime Minister Viktor Chernomyrdin. The two sides signed a joint communique and seven agreements on cooperation. Accords have now been reached on the eastern and western sections of the Sino-Russian boundaries. These have also been ratified by the legislatures of the two countries. Outstanding issues concerning the eastern section of the national boundaries

will be resolved through further negotiations. Positive headway has also been achieved in talks on disarmament in the border areas and on the strengthening of mutual trust in the military sphere. The downward trend in bilateral economic exchanges and trade has also been brought under control, and the volume of trade has been steadily growing. Exchanges of personnel between the two countries have been developing in a healthy and orderly direction, and mutual cooperation in international affairs has been continuously strengthened.

Chinese and Japanese leaders have maintained frequent visits and contacts throughout the year. NPC Chairman Qiao Shi visited Japan in mid-April, while Japanese Prime Minister Tomiichi Murayama visited China in early May. The two countries have increased their mutual understanding through such visits. The scope of mutually beneficial cooperation has been enlarged in the economic realm. Bilateral trade is expected to exceed \$50 billion this year. The negative factors and problems that have surfaced in their bilateral relations should be properly handled and resolved in strict accordance with the principles laid down in the Sino-Japanese Joint Declaration and the Sino-Japanese Treaty of Friendship. In this way, the two countries will be able to develop their good-neighborly and friendly relations in a healthy, steady, and sustained way. President Jiang Zemin's visit to South Korea in mid-November has further advanced the relations between the two countries. China and South Korea have become important trading partners, and bilateral trade between the two countries is expected to reach or even exceed \$15 billion, five times the figure prior to the establishment of diplomatic relations in 1991. Economic cooperation between the two countries is developing in depth and breadth. Deals have been reached on more than 5,000 South Korean investment projects in China, with total investment amounting to over \$5 billion.

China has also kept in close touch with the top leaders of its Southeast Asian neighbors this year. In November, President Jiang Zemin attended APEC's third unofficial summit and discussed plans for economic cooperation in the Asia-Pacific region with APEC leaders and other regional representatives, including some ASEAN leaders. CPPCC Chairman Li Ruihuan left for official friendly visits to Kampuchea, Myanmar, Malaysia, Singapore, and Thailand on 5 December. Southeast Asian state leaders, including Laos State Chairman Nouhak Phoumsazan, Singaporean President Ong Teng Cheong, and General-Secretary of the Communist Party of Viet Nam Do Muoi have also paid visits to China. Relations between China and ASEAN countries have seen significant progress on the economic, trade, scientific and technological, military, and cultural fronts. China has

also signed many cooperative agreements with ASEAN countries. Between 1988 and 1994, trade between China and ASEAN countries increased at an annual rate of over 20 percent. In the first half of 1995, the volume of trade was 47.8 percent higher than the corresponding 1994 figure. China welcomes ASEAN's development and its role in the international and regional arenas, and supports the ASEAN-sponsored regional forums. The ASEAN countries applaud and support China's economic development, endorse China's entry into the WTO, and pledge that the enlarged ASEAN will continue to maintain ties of friendly cooperation with China. On questions left by history which currently exist between countries in the Asia-Pacific region, such as territorial issues, China and the ASEAN countries both agree that they should be properly handled through cool-headed and constructive dialog and consultation.

In Central and South Asia, China's good-neighborly and friendly relations with the Central Asian countries have also seen continuous improvement and development. President Nursultan Nazarbayev of Kazakhstan visited China in September. During his visit, he and President Jiang Zemin signed a joint declaration on the further development and deepening of friendly relations between the two countries. Both sides resolved to take positive and all-round steps to carry bilateral relations to a brand-new level with the 21st century in mind. China's good-neighborly and friendly relations with various South Asian countries have also been steadily consolidated and developed. At the UN Social Development World Summit held in Copenhagen in March, Premier Li Peng met with Pakistani President Leghari and Indian Prime Minister Rao. The talks held by the Sino-Indian Border Questions Joint Working Group and the consultations at the vice minister level held in mid-August both achieved significant progress in the implementation of bilateral agreements on the maintenance of peace and stability in the border regions.

China needs a peaceful international environment, particularly a peaceful environment with its neighbors, for its reform and opening up program and economic construction. This is the keynote of China's all-round and independent foreign policy.

PRC: Jiang Zemin Meets With IOC First Vice President

OW0402160896 Beijing XINHUA in English
1513 GMT 4 Feb 96

[FBIS Transcribed Text] Harbin, February 4 (XINHUA) — Chinese President Jiang Zemin on Sunday [4 February] met with Kim UN Yong, First Vice President of the International Olympic Committee (IOC), and thanked

the IOC for its support to the development of the sports in China.

"The Chinese sports have made big strides in recent years, and we thank the IOC for its support in these fields," said Jiang in his meeting with the IOC senior official shortly before the opening ceremony of the Third Asian Winter Games.

China promulgated the Sports Law and issued the Fitness Program last year, which aimed at improving the physical conditions of the Chinese people and enhancing the competitive performance of the Chinese athletes, Jiang said.

Kim is in Harbin to attend the games' opening ceremony on behalf of the IOC president, Juan Antonia Samaranch. "The Asian Winter Games," Jiang said, "is a very good chance for the athletes as well as the people of Asia to better understand each other."

Kim said that the IOC would continue to support China for the development of its sports and wished the Chinese athletes to achieve outstanding results at the Atlanta Olympics this summer.

Jiang also met today with Sheikh Ahmad Al-Fahad Al-Saban, President of the Olympic Council of Asia (OCA), thanking him for his effort in helping China to host the Asian Winter Games.

The OCA president praised the hosts for the excellent preparation they had done for the games. "I believe," he said, "the current games will achieve a complete success."

PRC: Red Cross Societies Provide Aid for Quake Victims

OW0502160596 Beijing XINHUA in English
1549 GMT 5 Feb 96

[FBIS Transcribed Text] Beijing, February 5 (XINHUA) — Red Cross societies of Hong Kong, Taiwan, and Japan have donated some 190,000 US dollars in aid to victims of a quake that devastated parts of southwest China's Yunnan Province.

The offices in Hong Kong [HK] and Taiwan donated 500,000 HK dollars and 100,000 US dollars respectively, along with disaster relief goods such as instant noodles, clothes, and medicines.

The Japanese Red Cross donated three million yen.

The Red Cross Society of China is closely cooperating with the societies to get the donations to quake-hit areas as fast as possible.

PRC: UN Secretary General Extends Sympathy to Quake Victims

OW0502235096 Beijing XINHUA in English
1942 GMT 5 Feb 96

[FBIS Transcribed Text] United Nations, February 5 (XINHUA) — United Nations Secretary-General Butrus Butrus-Ghali today expressed his "deepest sympathy" for victims of the earthquake in Yunnan province, southwest China.

A strong earthquake measuring seven on the Richter scale hit Lijiang in northwest Yunnan last Saturday. The quake-stricken area was jolted by an aftershock measuring six on the Richter scale on early Monday. So far 233 people have been killed, and 14,775 people injured by the earthquakes.

In a cable sent to Chinese Premier Li Peng, Butros-Ghali said, "I was shocked and deeply saddened to learn of the toll taken by the earthquake that struck Yunnan province on Saturday."

"I wish to assure you that the United Nations system stands ready to assist in alleviating the hardship that has resulted from this tragedy," he said.

"I extend to you, excellency, to the people of the People's Republic of China, and particularly to those who have suffered losses, my deepest sympathy at this time of sorrow," he added.

Southeast Asia & Pacific

PRC: Malaysian Minister Visits To Boost Economic Ties

BK0602095996 Kuala Lumpur NEW STRAITS TIMES
in English 2 Feb 96 p 20

[BERNAMA report]

[FBIS Transcribed Excerpt] Guangzhou (China) — China is seriously engaged in its quest towards modernisation to ensure its population enjoys greater prosperity as the Asian region enters an era of peace and stability.

Deputy Minister of International Trade and Industry (MITI) Kerk Choo Ting, who recently visited the emerging economic powerhouse said he was convinced that China was right on track towards modernisation and industrialisation.

"My visit to China is to foster and enhance existing good ties so that trade and investment between Malaysia and China will achieve greater heights," he told Malaysian journalists here.

China laid out an impressive welcome for Kerk and Malaysian investors from Bridgecon Bhd, an infrastructure company, during their 10-day visit to Beijing, Shanghai, Guangzhou and Nanning in Guangxi.

Not only did his visit, in particular to Hangzhou and Nanning received public attention, Kerk's trip was also highly significant for Sino-Malaysia economic ties.

It came at a time when more and more Malaysian companies are being encouraged to shift offshore to secure new markets and investment opportunities.

In terms of Malaysian investments to China, a total of U.S.\$672 million (RM [Malaysian ringgit] 1.68 billion) was invested in 1991 to 1994 as compared with only U.S.\$60 million in 1990. These investments are mostly in property development, services, manufacturing, retailing and infrastructure.

Since 1994, China is Malaysia's 10th largest trading partner. Direct trade between Malaysia and China saw a 46 per cent increase in 1994 over 1993 to U.S.\$3.385. [passage omitted]

PRC: SRV Premier Extends Sympathy for Earthquake Losses

*OW0602030796 Beijing XINHUA in English
0242 GMT 6 Feb 96*

[FBIS Transcribed Text] Hanoi, February 5 (XINHUA) — Vietnamese Prime Minister Vo Van Kiet sent a message of sympathy to his Chinese counterpart Li Peng on Monday [5 February] over the losses of lives and property caused by an earthquake in China's Yunnan province on February 3.

In his message, the prime minister hoped that under the leadership of the Chinese Communist Party and government, the people in the affected area will overcome all difficulties in restoring normal production and life.

The tremor, registered 7.0 on the Richter scale and with its epicenter in Lijiang county, has claimed more than 200 lives. Rescue workers are still searching debris for possible survivors.

Near East & South Asia

PRC: Arab League Secretary Stresses Desire To Enhance Ties

*OW0302231796 Beijing XINHUA in English
1828 GMT 3 Feb 96*

[FBIS Transcribed Text] Cairo, February 3 (XINHUA) — Secretary General of the Arab League (AL) Esmat Abdul-Meguid, in a message to Chinese Foreign Minister Qian Qichen, reiterated the league's keenness on enhancing ties with China in political and economic fields.

The message was carried by head of the Arab League Mission to China Abdul Wahab al-Sakket, who left here today for Beijing to assume his post.

Sakket said the message also referred to the importance of China's role in safeguarding Arab rights to realize a comprehensive peace in the Middle East.

Sakket, an Egyptian, had been head of the AL's mission in Hong Kong from 1970 to 1975 and took part in monitoring presidential elections in Djibouti in 1993 and in Algeria in 1995.

PRC: Iran Ready To Assist Victims of Earthquake

*OW0502125496 Beijing XINHUA in English
1236 GMT 5 Feb 96*

[FBIS Transcribed Text] Tehran, February 5 (XINHUA) — Iranian Foreign Minister, Ali Akbar Velayati, today voiced Iran's readiness to assist the victims of the recent earthquake in China.

In a message to Chinese Vice-Premier and Foreign Minister Qian Qichen, Velayati expressed regret over the devastations caused by the tremor which measured 7.0 on the Richter scale and hit remote mountain villages in southwestern China.

The Iranian Foreign Minister also expressed sympathy to the Chinese government and people, particularly those affected by the quake.

Sub-Saharan Africa

PRC: Beijing Pledges Further Economic Ties, Aid to SADC

*OW0202010196 Beijing XINHUA in English
1814 GMT 1 Feb 96*

[Article by Liu Yegang: "China To Enhance Cooperation With SADC"]

[FBIS Transcribed Text] Johannesburg, February 1 (XINHUA) — The Chinese government today promised further cooperation with SADC [Southern African Development Community] countries by encouraging more Chinese companies to set up wholly-owned or joint ventures in the region.

China will continue to provide assistance to member states of the Southern African Development Community (SADC) through bilateral channels in the spirit of equality, mutual benefit and common development, said Chinese Assistant Foreign Minister Ji Peiding at the ongoing 1996 SADC consultative conference on trade and investment held in Johannesburg.

Ji noted as a developing country itself, China has always regarded strengthening its solidarity and cooperation

with African states an important component of its foreign policy.

"We always attach importance to south-south cooperation, and sympathize with and support African countries in their efforts to strengthen regional economic cooperation and common development by relying on their collective self-reliance," he added.

For many years, Ji said, China has maintained friendly cooperation with the majority of SADC member states in the economic, technological, trade and other fields, which has produced noticeable results.

He said to date, China has provided development aid worth billions of U.S. dollars to SADC member states, most of which is in the form of interest-free loans or grant.

China has helped build in the recipient countries railways, highways, bridges, hospitals, stadiums and other infrastructure facilities, and assisted them in developing industrial and agricultural projects such as textile mills, garment factories, coal mines, agricultural farms and irrigation systems, Ji added.

According to Ji, trade between China and SADC countries has also made huge headway. Two-way trade in 1994 reached 1.138 billion U.S. dollars, 509 million dollars of which is China's exports to the SADC region and the 629 million China's imports. The figure jumped drastically in 1995.

"We are convinced that as the Chinese economy grows stronger, trade and economic cooperation between China and SADC, including the SADC countries, hold out a brighter future," Ji stressed.

SADC is a 12-member sub-regional group comprising Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

Ji praised SADC's role in the past 14 years in promoting regional economic cooperation, development and integration.

He said in recent years, with the historical changes taking place in southern Africa, SADC membership has increased and strength enhanced, thus playing a more vigorous role in promoting regional peace and development and becoming the most dynamic and best-known sub-regional organization in Africa.

"The Chinese government and people admire the achievements scored by SADC, and wish its member countries greater accomplishments in their drive for closer cooperation and economic prosperity," Ji said.

PRC: Uganda's Museveni Recaps China Visit

OW0502234996 Beijing XINHUA in English
2004 GMT 5 Feb 96

[By Gao Shixing]

[FBIS Transcribed Text] Kampala, February 5 (XINHUA) — Uganda and China will further strengthen their economic relations by setting up joint ventures, President Yoweri Museveni said today.

Speaking at a press conference here, President Museveni said Ugandans can sell coffee to the Chinese and exploit the Chinese market of a population of about 1.2 billion.

Uganda is the second largest coffee producer in Africa just after Cote d'Ivoire.

Museveni, who had made a five-day state visit to China and returned home yesterday, noted that it would be beneficial to set up a joint venture with a Chinese company to help Uganda market its coffee in China.

The Chinese are also interested in Uganda's cotton, he said, emphasizing that joint venture investments invariably benefit the two countries as well as giving Chinese businessmen a chance to exploit the wider Common Market for Eastern and Southern Africa.

The president also noted that during his discussions with Chinese leaders they agreed that each country should develop according to its own internal dynamics.

Museveni expressed satisfaction with China's good foreign policy which does not interfere in the internal affairs of other countries.

East Europe

PRC: Croatian Foreign Minister Arrives for Visit 5 Feb

OW0502024496 Beijing XINHUA in English
0211 GMT 5 Feb 96

[FBIS Transcribed Text] Beijing, February 5 (XINHUA) — Mate Granic, deputy prime minister and foreign minister of Croatia, arrived here early today on a five-day official visit.

This is the first visit to China by a Croatian foreign minister since the two countries established diplomatic relations in 1992.

Mate Granic is expected to hold talks with Vice-premier and Foreign Minister Qian Qichen, Premier Li Peng and other high-ranking officials, and will pay a visit to the industrial city of Shanghai.

Granic was here at the invitation of his Chinese counterpart Qian, who visited Croatia in 1993.

PRC: Qian Qichen Meets With Croatian Counterpart

OW0502161296 Beijing XINHUA in English
1557 GMT 5 Feb 96

[FBIS Transcribed Text] Beijing, February 5 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian Qichen said today that China is willing to make constant efforts for the peace process in the former Yugoslavia along with other countries.

Qian made the statement during talks here today with his Croatian counterpart Mate Granic, who arrived here on an official visit this morning.

The two foreign ministers voiced their satisfaction with the growth of bilateral relations since the two countries established diplomatic ties in 1992.

Qian said that China and Croatia share many common views in safeguarding sovereignty, promoting the economy, and maintaining world peace, and that China has consistently supported the independence, sovereignty and territorial integrity of Croatia.

He said he believes that Sino-Croatian ties would increase in the new situation in which peace is gradually appearing in the former Yugoslavia, and expressed appreciation for Croatia's "One China" policy.

Describing Sino-Croatian relations as a model of international relations, Granic said Croatian President Franjo Tudjman has always regarded China as one of Croatia's great friends. Croatia appreciates China's just stance and balanced policy on issues in the former Yugoslavia, he added.

He went on to say that Croatia firmly supports China's territorial integrity, including resuming the exercise of sovereignty over Hong Kong and Macao and realizing peaceful reunification with Taiwan.

The two foreign ministers said that bilateral economic cooperation has borne fruit and that they hope the two countries will continue to expand mutually beneficial cooperation.

Qian said that the recent years have seen rapid development of economic and trade ties and the Chinese government is willing to work with the Croatian government to encourage big companies and enterprises to open links for economic cooperation.

During the talks, Granic briefed Qian on recent developments in the former Yugoslavia, and both men believe that positive changes have occurred and that the signing of the Bosnia-Herzegovina peace accord has provided prospects for solving the region's problems.

Qian said he appreciates efforts made by the Croatian government in the Bosnia-Herzegovina peace agreement. He said that China hopes that all sides concerned will implement it to ensure peace in the region and resolve the remaining problems through negotiations.

Qian said that the independence, sovereignty and territorial integrity of the states of the former Yugoslavia should be respected and that he hopes they will recognize each other and normalize relations.

He said that the rights of ethnic groups in those countries should be protected, and refugees' desire to return to their homeland should be respected, and that different nationalities should live in friendly atmosphere for common development.

After the talks, the two sides signed a consular agreement.

PRC: Chi Haotian Meets Czech Chief of General Staff

OW2701075296 Beijing XINHUA in English
0736 GMT 27 Jan 96

[FBIS Transcribed Text] Beijing, January 27 (XINHUA) — General Chi Haotian, vice-chairman of China's Central Military Commission, met with Lieutenant General Jiri Nekvasil, chief of the general staff of the armed forces of the Czech Republic, here today.

They had a cordial talk on bilateral relations as well as on ties between the two armed forces.

Nekvasil, who is here on a five-day official goodwill visit as guest of his Chinese counterpart General Fu Quanyou, has become the first Czech chief of general staff to visit China since the republic was founded in 1993.

Extending a warm welcome to the Czech visitor, Chi expressed the hope that the friendly relations between the two armed forces will be maintained and further strengthened under new circumstances.

China and Czech enjoy traditional friendship and have no conflict of fundamental interests, Chi said, adding that it confirms [as received] with the interests of both countries to develop bilateral cooperation on the basis of equality and mutual benefit.

He voiced his confidence in the bright future of the friendship and cooperation between the two countries.

Upon his arrival here Thursday [25 January], Nekvasil held talks with his Chinese counterpart Fu Quanyou on cooperation between the two armed forces.

Apart from Beijing, Nekvasil and his party have visited Xian and Shanghai.

Political & Social

PRC: Source Reports Deng Xiaoping Wintering in South

HK0602020096 Hong Kong TUNG FANG JIH PAO in Chinese 6 Feb 96 p A15

[Report: "Deng Xiaoping Comes South To Avoid Cold Weather"]

[PTS Translated Text for FBIS] According to a source, after staying in Beijing for a year or so, Deng Xiaoping came to Guangdong for the first time to avoid the cold weather in the north. The move indicates that Deng has no health problems.

Reportedly, after his arrival in Zhuhai from Beijing, Deng Xiaoping stayed in the Shijingshan Guesthouse, where he lived during his "southern tour" in 1992. The guesthouse is now under tight security.

Deng Xiaoping arrived in Zhuhai in early December of last year. During this period, CPC General Secretary Jiang Zemin has been to Guangdong's Shenzhen and Shantou twice. While in Shantou, Jiang Zemin called on Deng Xiaoping, asked about his daily life, and gave him an account of his work. Deng Xiaoping made his last public appearance in Shanghai on 11 February 1994. At that time, the television screen showed a weak and feeble Deng Xiaoping. From then on, news reports about Deng's declining health and serious illness spread one after another and Deng did not leave Beijing.

The Beijing source said that Deng Xiaoping left Beijing this time because of the extremely dry weather this year, which is not good for his health. Deng Xiaoping's health has become stable over the past six months and his doctors and working personnel deem it suitable for him to travel to the south and have a change in his living environment.

PRC: Deng's Tour 'Helped Spur Guangdong's Economic Takeoff'

HK0502095396 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 4 Feb 96 p 5

[By Agnes Cheung in Guangzhou]

[PTS Transcribed Text for FBIS] The south China tour by Deng Xiaoping in 1992 helped spur Guangdong's economic takeoff, an official said yesterday.

This comment came despite criticism by current Beijing leaders that Mr Deng's call for a faster pace of development was responsible for the chaos and problems in the economy during the past few years.

Reminiscing over the province's economic achievements in the Eighth Five-Year Plan yesterday, the head of the provincial planning commission, Lin Shusen, said

the period was a "golden era" for Guangdong. The 1992 tour by Mr Deng had cleared people's doubts over Guangdong's reform and helped the province to forge ahead in an experiment with a socialist market economy.

Governor Zhu Senlin in his Government Work Report presented to the provincial people's congress on Friday also made frequent references to Mr Deng, saying Guangdong would continue to arm itself with the patriarch's theory in development.

Mr Lin defended Guangdong's fast growth, saying yesterday the province began to develop quickly after Mr Deng suggested in his 1992 tour that it should try to reach its modernisation goals in 20 years.

The achievements in the past five years with an average growth of 19 per cent in Gross Domestic Product (GDP) had provided a guarantee for the province to finish its modernisation goal, Mr Lin said. But he noted there had been recent criticism over the province's reform and worries over its ability to sustain its economic growth. Asked if Guangdong's prime was over, Mr Lin said: "I didn't say our golden time has passed. Perhaps the period of the Ninth Five-Year Plan, or the Tenth and Eleventh Five-Year Plans will also be our golden age."

He denied that Guangdong had lowered its annual target of GDP growth rate in the Ninth Five-Year Plan to 11 per cent because of central austerity policies. Guangdong always followed the central plan in mapping out its economic development, he said.

He also denied that the lowering of its target of utilisation of foreign capital by five per cent this year was due to fears about foreign businessmen dragging their feet in making investments in the province.

"We just think there will be an adjustment period for foreign investors after the implementation of foreign trade reforms," Mr Lin said.

He said some investors had raised strong objections about the recent introduction of financial guarantees for imported materials by the processing industry.

— Guangzhou Mayor Li Ziliu denied yesterday he would join the congress as vice-chairman.

But the 64-year-old mayor said he was prepared to retire as he had exceeded the official retirement age of 60.

"Up till now, nobody has approved my retirement," Mr Li said.

His term of office expires in 1998.

PRC: Jiang Zemin Inspects Heilongjiang, Urges Price Stability*OW0502154496 Beijing XINHUA in English
1439 GMT 5 Feb 96*

[FBIS Transcribed Text] Harbin, February 5 (XINHUA) — Chinese President Jiang Zemin today urged officials in Heilongjiang Province to keep market prices stable in order to help people there to have a happy Spring Festival.

During an inspection tour of the northeastern province, Jiang said that it is essential that local governments ensure that there are adequate supplies during the festival season, which is the most important in the Chinese calendar.

Jiang showed strong interest in people's daily necessities when visiting a market in Shangzhi City, some 100 kilometres from Harbin, and asked business people about prices of vegetables and other foodstuff.

Jiang visited a textile mill in the city and extended seasons greetings to the workers, and this morning, went to one of the sites of the Asian Winter Games and watched a skiing event.

PRC: Officials Explain Jiang's Absence on Speech Anniversary*HK0202071796 Hong Kong SOUTH CHINA
MORNING POST in English 2 Feb 96 p 10*

[By Vivien Pik-Kwan Chan]

[PTS Transcribed Text for FBIS] President Jiang Zemin did not attend the anniversary conference commemorating his eight-point plan for unification because it was inappropriate to honour oneself, officials say.

Instead, premier Li Peng gave the keynote speech at the meeting.

No timetable for unification was mentioned in Mr Li's speech.

However, informed officials stressed it would be misleading to say Beijing appeared softer towards Taipei's independence manoeuvres.

"Premier Li has, in his speech, insisted that Beijing would not stop the 'combat' against Taiwan's independence and separatism activities.

"Taiwan leaders who were responsible for separatist manoeuvres should be responsible for the consequences," an official said.

But a top mainland expert on Taiwan, Xin Qi, argued the speech was responsive to the new political situation across the strait.

"Mr Li particularly pointed out that whatever changes might occur in the way the Taiwan leadership was chosen, the fact that Taiwan is part of China cannot be changed," Mr Xin said.

Meanwhile, Li Jiaquan, deputy executive chairman of the Beijing Taiwan Economic Research Centre, said while Taipei tried to play the public opinion card in the reunification issue, Beijing had opted for a different strategy.

For example, university students in the mainland had shown increasing interest in the unification matter but officials were careful not to mobilise them.

He said students in several universities had sought to organise demonstrations last year to protest against President Lee Teng-hui's visit to the United States.

But they were advised by officials and school administrators not to demonstrate for fear of triggering off mass student protests.

Institutions included Beijing University, People's University and Nanjing University, he said.

Internal meetings were organised in these universities instead to let students voice their opinions on the issue. Students at Beijing University, for instance, had set up a research group on Taiwan, he said.

The State Education Commission had also instructed universities to educate students "positively" on the strait situation and reunification, while experts on the issue were asked to draw up a curriculum on the issue.

PRC: ARATS Tang Shubei on New Guiding Principle Toward Taiwan*HK0602032696 Hong Kong MING PAO in Chinese
20 Jan 96 p A2*

[Report by special correspondent Kao Yu-liang (7559 3768 5328): "Beijing Hopes That Li Teng-hui Will Be Reelected by a Narrow Margin"]

[PTS Translated Text for FBIS] Tang Shubei, vice chairman in charge of routine affairs of the mainland's Association for Relations Across the Taiwan Strait [ARATS] said in Shanghai not long ago that since undergoing change [fa sheng bian hua 4099 3932 6239 0553] last June, the CPC guiding principle [fang zhen 2455 6859] toward Taiwan has been proven to be correct through practice. Despite the fact that there is a great possibility that Li Teng-hui will become Taiwan's first popularly elected president, Beijing only hopes that he will be reelected by a narrow margin. Tang Shubei also disclosed that the Chinese Government will implement the strategic principle, "stabilize Hong Kong,

develop Shanghai" to upset Taiwan's concept of setting up an "Asia-Pacific operation center." In his speech, however, Tang Shubei did not mention any plans by the authorities to have contacts with or add military pressure on Taiwan in the immediate future.

According to an informed source, Tang Shubei unexpectedly attended Shanghai's annual meeting on Taiwan work not long before, and gave an approximately 30-minute impromptu speech. It was learned that ARATS Chairman Wang Daohan was in Beijing and did not make a trip to Shanghai to attend the meeting; ordinarily, Wang Daohan would not deliver a speech on such occasions.

It was disclosed that Tang Shubei made three points in his speech: There have been changes [bianhua] in the CPC guiding principle toward Taiwan resulting from changes in the situation. He said, Li Teng-hui's visit to the United States last June has totally exposed his Taiwan independence features, and the CPC guiding principle toward Taiwan was readjusted and changed in lieu of such circumstances. After six months' practice, this readjustment and change [tiao zheng bian hua 6148 2419 6239 0553] in the guiding principle toward Taiwan has been proven to be correct and necessary. However, Tang Shubei said that this important readjustment [tiaozheng] did not mean that the guiding principle toward Taiwan prior to the readjustment had been wrong and must be negated.

Tang Shubei said: Change in the central policy toward Taiwan [zhong yang dui tai zheng ce di bian hua 0022 1135 1417 0669 2398 4595 4104 6239 0553] does not mean that previous Taiwan work was in vain. Beijing has observed Li Teng-hui's words and actions for a long time, and there are two incidents that have exposed Li Teng-hui's Taiwan independence features—first, his talks with Japan's Ryotaru Shiba; and second, his speeches and behavior during his visit to the United States—which made the Central Government lose confidence in him. It was said that Tang Shubei expected that cross-strait relations would remain at a low ebb and overcast for some time in the future.

Tang Shubei did not explain the specific content of the readjusted, new CPC guiding principle toward Taiwan at the meeting. According to the analysis of the informed source, the readjusted guiding principle must be to maintain military pressure on the Taiwan authorities to demonstrate the will of mainland China to safeguard national unity at any cost.

On the present situation of Taiwan's presidential election, Tang Shubei said, viewing the present situation, it is almost certain that Li Teng-hui will win the election unless something extraordinary happens. The main-

land has already fully estimated that outcome. However, what the CPC hopes to see is that Li Teng-hui will be reelected only by a narrow margin. This way, Taiwan independence forces will be in a relatively weak position in Taiwan's political arena.

With respect to the electoral situation in Taiwan, Tang Shubei said that Beijing would be happy to see an outcome with Li Teng-hui being reelected by a narrow margin. If Li Teng-hui is elected Taiwan president with a lower margin than the four million votes by which Soong Chu-yu won the election for provincial governor last year, then Li Teng-hui would get a lower support rating for president than Soong received for provincial governor. That would ultimately damage Li's presidential image and prove that his political advantage is only relative.

Of course, when the electoral campaign draws near, the reorganization of political forces in Taiwan may bring about other results. According to figures familiar with Taiwan affairs, the other possibility Tang referred to obviously comes from the healthy forces in Taiwan that are for reunification of China, namely, the merger of the forces of the "Lin-Hou" and "Chen-Wang" camps.

Regarding Taiwan building the Asia-Pacific operational center, Tang Shubei said: Viewing the situation today, Li Teng-hui's plan for setting up the "operational center" contains the real motive of Taiwan independence, which must be exposed. Tang said that the entire conception of the Taiwan authorities is based on the conception that with the increasing receding of Hong Kong's functions resulting from the return of sovereignty after "1997," Taiwan must take its place. He disclosed that the CPC has already formulated the strategic principle, "stabilize Hong Kong, develop Shanghai." On the one hand, the stable transition of Hong Kong's government around 1997 as well as Hong Kong's status as a navigation center must be guaranteed; on the other hand, the building of Shanghai as an international navigation center will be accelerated to defeat Taiwan's plot of building the "Asia-Pacific operation center."

PRC: Yang Shangkun Inspects Shantou SEZ

OW3001034296 Hong Kong ZHONGGUO XINWEN
SHE in Chinese 1317 GMT 28 Jan 96

[By correspondent Fang Nan (2455 2809)]

[FBIS Translated Text] Guangzhou 28 January (ZXS) — Over the last few days, Yang Shangkun went to Shantou City to inspect the Shantou Special Economic Zone [SEZ]. He encouraged the broad masses of cadres and people to continue to break new ground and uplift the cause of SEZ construction to a new height.

Accompanied by Huang Huahua, Guangdong Provincial CPC Committee deputy secretary; Shantou City Party Secretary Xu Deli; and Mayor Zhou Rifang; Yang Shangkun inspected the construction sites of key development projects, such as the Shantou Australia [Aozhou] Bridge, the Shantou Bonded Zone, the Shenzhen-Shantou Expressway's Shantou section, and the Guangao deep-water port, key enterprises, and commercial and residential districts one after another.

When inspecting Shantou University, Yang Shangkun praised the chivalrous deeds of Hong Kong celebrity Mr. Li Ka-shing, who loves the country and native place and donates money to run schools. He inspected the Taoyuan residential district and the Jinshan Market and spoke highly of the city's efforts to subsidize residential housing sales, thus solving the housing problem for 2,500 households with housing difficulties. He hoped that Shantou City would continue to strengthen construction of the "food basket" project and solve the "food basket" problem facing the common people.

**PRC: Li Peng Presides Over NPC Plenary Session
5 Feb**

*OW0502154396 Beijing XINHUA in English
1508 GMT 5 Feb 96*

[FBIS Transcribed Text] Beijing, February 5 (XINHUA) — Chinese Premier Li Peng today presided over the Ninth Plenary Session of the State Council, the nation's highest executive body, to discuss the Government Work Report to be submitted to the upcoming Fourth Session of the Eighth National People's Congress (NPC).

This year's Government Work Report will be on the Ninth Five-year Plan (1996-2000) for national economic and social development and the long-term target for the year 2010.

Li said that the draft has set goals and guidelines for the nation's development in coming years, and he expects participants at the meeting to air their views and make suggestions.

The NPC, China's top legislative body, will start its annual session on March 5.

PRC: NPC Vice Chairman Li Peiyao Dies

*OW0302105496 Beijing XINHUA in English
1033 GMT 3 Feb 96*

[FBIS Transcribed Text] Beijing, February 3 (XINHUA) — Li Peiyao, vice-chairman of the Standing Committee of the National People's Congress and chairman of the Central Committee of the Revolutionary

Committee of the Chinese Kuomintang, died here on the morning of February 2. He was 63.

PRC: Murderer of Li Peiyao Arrested

*OW0502135596 Beijing XINHUA in English
1340 GMT 5 Feb 96*

[FBIS Transcribed Text] Beijing, February 5 (XINHUA) — A 19-year-old armed policeman suspected of murdering senior official Li Peiyao on February 2 was arrested today by Beijing's public securities bureau.

Zhang Jinlong, who was one of Li's bodyguards, admitted killing 63-year-old Li Peiyao, vice-chairman of the Standing Committee of the National People's Congress. Around four o'clock in the morning when he was on duty, Zhang decided to burglarize Li's house, but was discovered in the act.

When the suspect attempted to flee the scene of the crime with things he had taken from Li's house, he was stopped by two other guards on duty.

Zhang came from north China's Shanxi Province and joined the armed police in December of 1994.

The case is still under investigation.

**PRC: RENMIN RIBAO Commentary Warns
Counterfeiters, Smugglers**

*OW0502143496 Beijing XINHUA in English
1411 GMT 5 Feb 96*

[FBIS Transcribed Text] Beijing, February 5 (XINHUA) — "PEOPLE'S DAILY," in a commentary to be carried tomorrow, warns that those who seek to profit by counterfeiting money or by smuggling forged notes should be aware of the danger now, otherwise they will meet with the same end as those convicted today.

The Supreme People's Court announced that five persons who smuggled in counterfeit money were executed today, and that more than 20 others in two separate cases were given penalties ranging from three years in prison to life.

This was the first time for the Supreme People's Court to publicize such cases of counterfeiting and smuggling, it says.

"The criminals involved deserved the punishment for breaking the law," it pointed out.

The crimes harm the national interest and the people's livelihood, have an adverse effect on the state's dignity, the paper says.

The renminbi, China's official currency, is under strict legal control, but as the country's overall strength and

international reputation increases, money crimes have become more widespread, with bigger sums involved and plots more complicated, the paper says.

China's economic construction needs a good economic order and social stability, it says, and all illegal activities in finance will be dealt with in strict accordance with the law.

PRC: Official Speaks on Improving Economic Reporting

OW0202132096 Beijing XINHUA in English
1254 GMT 2 Feb 96

[FBIS Transcribed Text] Beijing, February 2 (XINHUA)— A five-day national working conference on how to improve reporting on China to the outside world closed here this afternoon.

The meeting urged publicity departments all over the country to make a thoroughgoing presentation of China in the next few years under the guidance of Deng Xiaoping's theory of building socialism with Chinese characteristics to make the country better known to the rest of the world, and to create and safeguard the image of socialist China so as to create a favorable international environment for its reforms and opening up.

It was learned from the meeting that top Chinese leaders have attached great importance to the work of reporting about China to the outside world. They gave detailed instructions on the importance of this job in the new historical period, and the guiding principles and methods governing it.

Zeng Jianhui, director of the Information Office of the State Council, said at the conference that China is at a crucial stage of economic and social development. The domestic and international situations have set new and higher requirements for the work of reporting about China to the outside world.

"The fundamental interests of the country must be resolutely defended in this work, and principles must be adhered to strictly in matters concerning state sovereignty, national interests and national prestige," he stressed.

Priority should be given to positive reporting, and the interests of overseas audiences should be given better consideration, he said.

The official also called on people concerned to use easy words and techniques for the better understanding by the audiences, and to convince audiences with facts.

"More efforts must be put into the reporting of China's economic progress and systematic introduction of the country's blueprint for economic development over the

next five-to-15 years, and the reporting of the country's major sectors, key construction projects and regional economy," he said, promising that China will strengthen its contacts with foreign news media for more exchanges and co-operation.

"New situations and problems should be studied in a timely fashion, and new publicity methods should be developed to promote the proficiency of our reporting," Zeng said.

Officials with publicity departments of the provinces, autonomous regions and major cities across the country in charge of reporting about China for the outside world, as well as leading officials of departments under the central authorities and news organizations, participated in the meeting.

PRC: Yu Youxian on Illicit Publications Market

HK0502033096 Beijing RENMIN RIBAO in Chinese
25 Dec 95 p 5

[Report: "Stress Focal Points, Persistently 'Wipe out Pornography,' Boost Publishing Industry—Yu Youxian Answers Staff Reporter's Questions on Special Struggle To 'Wipe Out Pornography' and 'Strike Blows at Illegal Publications'"; date and place not supplied]

[PTS Translated Text for FBIS] Another round in the powerful and dynamic nationwide struggle to "wipe out pornography" and "strike blows at illegal publications" is gradually gaining momentum across the country. With related questions in mind, this reporter interviewed Comrade Yu Youxian, National "Wipe Out Pornography" Work Group deputy director, State Press and Publications Administration director, and State Copyright Administration director.

[Reporter] What are characteristics of and general train of thought for the present special struggle to "wipe out pornography" and "strike blows at illegal publications?"

[Yu Youxian] This year, all relevant areas and departments across the country have conscientiously implemented the spirit of a series of important instructions issued by the central leading comrades on "wiping out pornography" and "striking blows at illegal publications" by tracing the sources and hotly pursuing and fiercely attacking problems, thereby bringing about a fundamental turn for the better in China's newspapers, publications, and audio-visual products markets. The ongoing nationwide struggle to "wipe out pornography" and "strike blows at illegal publications" has been welcomed and supported by all walks of life in society and has since been gaining a relatively strong momentum with no major relapses. However, we should clearly understand that hostile forces at home and abroad are

still trying hard to ideologically and culturally infiltrate our minds through publications. Given such a situation, we should carry on the ongoing struggle to "wipe out pornography" and "strike blows at illegal publications" for a long time to come. This year has seen a rapid increase of such activities as "manufacturing pornography" and "peddling pornography" with the help of computers and other high-tech means and an increase of feudal and superstitious activities as well. In addition, we have not yet fundamentally eliminated such phenomena as intellectual property rights violation and the production of counterfeit publications and audio-visual products. Such rampant activities as "manufacturing pornography" and "peddling pornography" with the help of audio-visual products, computer technology, and publications have done serious harm to young people's body and minds, given rise to crime, and undermined social and political stability. This is why we should resolutely crack down on these activities.

The ongoing struggle to "wipe out pornography" and "strike blows at illegal publications" is primarily directed at such activities as "manufacturing pornography" and "peddling pornography" with the help of audio-visual products, computer technology, and illegal publications as well as at counterfeit audio-visual products and illegal publications. We should adopt effective measures, focus on key problems, and investigate and handle major cases in light of characteristics of production, circulation, marketing, and public showing of audio-visual products, computer technology, and publications. We should also try to improve production management, standardize publishing procedures, rectify public showing, and crack down on smuggling in hopes of effectively checking proliferation of pornographic, reactionary, and illegal publications and bringing about a fundamental turn for the better in the country's audio-visual, computer technology, and publications markets, thus further prospering the overall cultural market.

[Reporter] What are you planning to do to further boost the country's publishing industry in the struggle to "wipe out pornography" and "strike blows at illegal publications?"

[Yu Youxian] "Wiping out pornography" and "striking blows at illegal publications" are important means of boosting China's publishing industry. Only by severely cracking down on "illegal" activities will it be possible to effectively protect "legal" behavior. Boosting the publishing industry will forever remain our central task. Last winter, we conducted a special struggle with marked first-stage results across the country. As a result, publishing houses across the country registered a significant increase in all sorts of subscriptions. This shows that by waging a struggle aimed at "wiping out pornog-

raphy" and "striking blows at illegal publications," we have been able to effectively boost China's publishing industry. At the moment, while pushing forward the ongoing struggle to "wipe out pornography" and "strike blows at illegal publications," we should waste no time and make redoubled efforts to boost the country's publishing industry. The CPC Central Committee Propaganda Department and State Press and Publications Administration have jointly organized and officially launched a "Cartoon and Book Project" for juveniles and children. A national audio-visual and publishing work conference is also being held in Beijing at present. The conference is set to work out a plan aimed at boosting and developing China's audio-visual and publishing industries in the Ninth Five-Year Plan period, this being one of the conference's major themes. Moreover, a national scientific and technological publishing work conference and a national nationalities publishing work conference will soon be held to give a powerful impetus to boosting and developing the country's scientific and technological publishing and nationalities publishing work. At the moment, the State Press and Publications Administration is formulating a national press and publications work plan and a national key book topics selection work plan for the Ninth Five-Year Plan period in accordance with a series of requirements set by the Fifth Plenary Session of the 14th CPC Central Committee on effecting two fundamental transformations of overall significance. We are also designing and drafting a system of goals for the first-stage transformation of the country's press and publications work.

[Reporter] How will you try to consolidate and develop achievements of the struggle to "wipe out pornography" and "strike blows at illegal publications?"

[Yu Youxian] The struggle to "wipe out pornography" and "strike blows at illegal publications" is a long-term struggle to defeat decadence with civilization and evil with justice. It is important to conduct such a concentrated special struggle. However, what is more important is to strengthen regular management in this connection. Therefore, we should formulate and perfect relevant laws and regulations to give people laws and regulations to go by. We should strictly enforce laws and regulations and strictly investigate and handle violations. We should firmly adhere to the "five integrations," namely, integration of permanent and temporary solutions; integration of "blocking up sources" and "checking proliferation"; integration of professional contingents and society-wide management; integration of concentrated crackdown and regular management; and integration of specialized duties and coordinated actions on the part of departments concerned. We should make every possible endeavor to guarantee institutions, funds, technology,

and equipment for such regular management and actively urge all walks of life in society to take part in the struggle to "wipe out pornography" and "strike blows at illegal publications." We hope that the broad masses of people will enthusiastically take part in and support the struggle to "wipe out pornography" and "strike blows at illegal publications." We should establish and perfect a social supervision system as well as a public opinion supervision system to this end, combine the efforts of higher and lower levels, take repeated action, grasp "relapses," and gradually establish a prosperous and orderly publications market order so as to promote socialist spiritual civilization.

PRC: Official Discusses Circular on Publications

OW0502131296 Beijing XINHUA Domestic Service
in Chinese 1155 GMT 2 Feb 96

["Resolutely Crack Down on Illegal Publishing Activities To Promote the Healthy and Prosperous Development of Publication Industry — An Official of the Information and Publication Administration Answers Questions by a XINHUA reporter" — XINHUA headline]

[FBIS Translated Text] Beijing, 2 Feb (XINHUA) — Recently, the General Office of the State Council issued the "Circular on Resolutely Cracking Down on Illegal Publishing Activities" to the people's governments of various provinces, autonomous regions, and municipalities directly under the central government and to the ministries, commissions, and organs directly under the State Council. In this connection, this reporter has interviewed an official of the Information and Publication Administration.

Question: I have learned that the State Council recently issued the "Circular on Resolutely Cracking Down on Illegal Publishing Activities." In your opinion, what is the background and meaning of this circular?

Answer: The circular issued by the State Council General Office at the beginning of the year is very important and has a clear objective in mind. The Fifth Plenary Session of the 14th CPC Central Committee called for giving prominence to the building of a spiritual civilization. This shows the Central Committee attaches great importance to the building of a socialist spiritual civilization in the new period and also shows the party's concern for cultural undertakings including the publication industry. It has gradually become the consensus and wish of the people of the whole country to promote the building of a socialist spiritual civilization by paying attention to prosperity and management at the same time, so as to promote the healthy and orderly development of the publication industry. Over the past few years, marked achievements have been made

in eliminating pornography and cracking down on illegal activities, and some improvement has been made in streamlining the publications market, but illegal publishing activities are still very rampant due to lax law enforcement and management loopholes. A small number of law-breakers, ignoring state laws, have been wantonly manufacturing and selling pornographic products and have engaged in copyright violations and illegal publishing activities. These problems have not only affected the healthy development of the publication industry but have also become factors of instability endangering the mental and physical health of youth and adults, inducing them to commit crimes, affecting social stability, and harming the overall interests of the party and state. Enraged by this situation, the masses have strongly demanded that the party and government take resolute measures to crack down on illegal publishing activities and to satisfy their spiritual and cultural needs with healthy and useful publications.

We maintain that the circular is of great importance to implementing the guidelines of the Fifth Plenary Session of the 14th CPC Central Committee, strengthening the building of a spiritual civilization, safeguarding the normal order of publication, promoting the healthy and prosperous development of the publication industry, safeguarding the legal rights and interests of copyright owners, protecting intellectual property rights, and carrying on the struggle against pornography and illegal publications in a sustained way.

Question: Would you please explain the major contents of the circular?

Answer: The circular reiterates that no units or individuals are permitted to publish, print, duplicate, or distribute books, newspapers, periodicals, and audio-visual and electronics publications without the approval of administrative departments in charge of information and publications. No units or individuals are permitted to publish publications that violate state laws and regulations, leak state secrets, endanger state security, harm state interests, violate the policies of the party and state on nationalities and religion, undermine national unity, publicize pornography and materials on murders and violence, and instigate people to commit crimes. The circular provides that publishing units or individuals are not permitted to engage in buying or selling registered publication rights, adding that violators shall be strictly dealt with. The circular has explicit provisions on the printing of publications, which state that enterprises are not permitted to print books, newspapers, and periodicals if they do not have a license. When books or periodicals are to be printed in other provinces, permission must be obtained at a provincial-level department in charge of information and publications in the area where

the publishing unit and the printing unit are located. The circular stipulates that the system of prior examination before sale will be instituted for publications sold at wholesale markets. Other publications wholesale units are required to operate their business at wholesale markets designated by departments in charge of information and publications, except the wholesale operations directly handled by the XINHUA Book Store, Foreign Language Book Store, and Foreign Language Press. All publications sold at a wholesale market must be examined and approved by departments in charge of publications markets before sale. The circular provides that the system of requiring permits and the power of attorney for making duplicated copies of audio-visual and electronic publications must be strictly executed, and that enterprises without permits are not allowed to engage in this business. Domestically produced numerical code laser storage discs (laser audio discs, laser audio-visual discs, and read-only laser discs) must have a SID [expansion unknown] code to indicate their origin, without which they cannot be sold in markets. The circular also has corresponding provisions for strengthening the protection of copyrights, cracking down on copyright violations, and safeguarding the legal rights and interests of publishing houses and periodical owners.

Question: What action will the Information and Publications Administration take in connection with the circular's implementation?

Answer: The administration attaches great importance to the implementation of the circular's provisions. We maintain that the issuance of the circular shows the party Central Committee and the State Council attach importance to and support tightening up administration of the publication industry. We will conscientiously implement the guidelines of the circular and strengthen law enforcement so as to standardize market activities, safeguard legal rights and interests, and ensure the prosperity of the publication industry. After careful studies, this administration has decided to adopt the following measures to strengthen publication administration, enforce law strictly, and plug up loopholes, so as not to give law breakers an opportunity and resolutely crack down on illegal publishing activities. First of all, we will tighten control on the import of Chinese-language books on social sciences and set up a sound management organization to take charge of the importation of Chinese-language books on social sciences. We will make the banning of transactions in registered publication permits the focus of the crackdown on illegal publishing activities in the immediate future and investigate and handle all cases when discovered; enforce a nationally unified system of "a power of attorney for the printing of books and periodicals," which means

that officially approved entrusted publication typesetting, printing, and binding require a power of attorney issued by the publishing unit using a nationally unified printed form; enforce a nationally unified system of "a power of attorney for publication distribution," which means that officially approved publication distribution through entrustment requires a power of attorney issued by the publishing unit using a nationally unified printed form; suspend examination and approval of applications for opening new book, newspaper, and periodical printing businesses and carry out inspections and streamlining of existing book, newspaper, and periodical printing enterprises to keep their total number under control; streamline second-grade wholesale units by limiting them in provincial capitals and cities directly under the central government and also by limiting their numbers; strictly standardize all types of book exhibition sale activities; set up sound publication management departments at various levels and a responsibility system for publishing, printing, distributing, and sponsoring units; require all units to carry out their functions and responsibilities conscientiously; and build up an efficient publishing contingent in line with Comrade Jiang Zemin's call for "strengthening politics, enhancing professional skills, enforcing strict discipline, and rectifying the work style." Personnel of publishing, printing, and distributing units and publication management departments who participate in illegal publishing activities in collusion with domestic and overseas organizations shall be strictly investigated and punished.

Cracking down on illegal publishing activities is an important task not only for the public security and publishing departments, but also for all sectors of society. It is hoped that all sectors of society and the masses will show concern for and support this task. It is also hoped that they will supervise the publication market and participate in the struggle to eliminate pornography and crack down on illegal publishing activities.

PRC: Meeting Sets Guidelines for International Publicity

OW0502103996 Beijing XINHUA Domestic Service in Chinese 0845 GMT 2 Feb 96

[FBIS Translated Text] Beijing, 2 Feb (XINHUA) — On 2 February, the National Conference on International Publicity ended in Beijing after a five-day session. The meeting conveyed and studied the Central Committee's important instructions on intensifying and improving international publicity, examined the work over the past several years, finalized the projects and objectives for the next five years, and set forth this year's assignments.

Comrades attending the meeting unanimously maintained that the party Central Committee was greatly concerned with and attached great importance to international publicity; and that the importance, guidelines, principles, and methods with which central leading comrades have underscored and set forth for international publicity under the new situation, as well as their endorsement for the successes accomplished in recent years, were a great encouragement for comrades working on the international publicity front.

The meeting decided that the basic international publicity assignments at present and in the time to come are: Continue to regard the Deng Xiaoping theory of building socialism with Chinese characteristics as the basic guide; follow through with the party's basic lines and principles; comprehensively introduce China to the world to promote the world's understanding of China, establish and safeguard the image of socialist China; and create in the world a public opinion favorable for China to achieve the Ninth Five-Year Plan, the long-term target for 2010, and reform, opening up, and modernization.

Addressing the meeting, Zeng Jianhui, Central International Propaganda Department General Office director, said: China is now at an important juncture of national economic and social development. The situations at home and abroad have set new and higher demands for our international publicity. While introducing China to other countries, we must firmly safeguard the nation's fundamental interests and uphold principles on issues that involve the nation's sovereignty, interests, and dignity. What we are going to publicize should mainly be positive and more relevant. The language and the way we use it in our publicity should be understandable. We should let facts speak for themselves so as to convince people with facts. We should intensify economic publicity by systematically publicizing China's economic achievements in the next five years and the 15 years thereafter; and China's key industries, major construction projects, and regional economy. We should establish stronger and friendly ties with foreign press circles, and establish exchange and cooperation programs with them. To build a contingent of competent public workers, we should strive to build a contingent of politically strong, proficient, and ethical workers for international publicity.

Comrade Zeng Jianhui stressed: The general policy and objectives for international publicity have been set. The key issue now is to carry out our assignments earnestly. All local authorities and relevant units must draw up specific plans in accordance with the guidelines set for this year and accomplish them with practical and effective measures. To improve our international

publicity, we should constantly study new situations and new issues, improve our way of work, and make our international publicity more artistic.

Present at the meeting were persons in charge of international publicity offices of all provinces, autonomous regions, municipalities under the central government's direct jurisdiction; relevant departments under the CPC Central Committee and the State Council; and units in charge of international publicity.

PRC: Li Peng Signs Internet Management Decree; Issue Discussed

OW0602121996 Beijing XINHUA Domestic Service in Chinese 2117 GMT 3 Feb 96

[FBIS Translated Text] Beijing, 4 Feb (XINHUA) — The PRC State Council Decree 195:

"The PRC Interim Regulations Governing Management of Computer Information International Networks," adopted by the 42d executive meeting of the State Council on 23 January 1996, is hereby promulgated for enforcement.

[Signed] Premier Li Peng

[Dated] 1 February 1996

[Hong Kong EASTERN EXPRESS in English on 6 February reports the following: "The Mainland plans to expand access to the Internet, even as it tries to restrict the flow of information.

"According to our plan, all provincial capitals in the country will have nodes for Internet access within the year," according to Yao Weizhong, a technician in the Business Development Department of the Beijing Telegraph Bureau, the arm of the Beijing government that oversees the Net.

"Access to the Internet is through two nodes — in Beijing and Shanghai.

"The expansion plan comes shortly after the government announced new rules that outlaw pornography and political information on the Internet and further regulate the computer network.

"The rules, signed by the Chinese Premier, Li Peng, on January 23, also said the Ministry of Posts and Telecommunications will control the channels through which China's networks connect to the Net.

"A report issued by the New China News Agency (Xinhua) said all existing interactive network services are 'to be adjusted' and must be approved again by the State Council.

"It did not elaborate on the nature of the adjustment. Most of the network service providers are part of state-run organisations, including the Chinese Academy of Social Sciences, the Ministry of Electronics Industry and the State Education Commission.

"The number of Net users in China is estimated to be more than 100,000.

"Yao said his department has yet to see the documents outlining in detail the new regulations.

"He said the government is seeking to install a system to block out 'unhealthy information'."

PRC: Qian Qichen Returns to Beijing From Thailand

*OW0402142596 Beijing XINHUA in English
1404 GMT 4 Feb 96*

[FBIS Transcribed Text] Beijing, February 4 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian Qichen came back here tonight after attending a meeting of Asian foreign ministers in Phuket, Thailand.

The meeting was aimed at making preparations for the Asia-Europe Summit to be held in Bangkok on March 1-2.

PRC: Jiang Zemin, Officers Attend Gala for Army Veterans

*OW0202151596 Beijing XINHUA in English
1442 GMT 2 Feb 96*

[FBIS Transcribed Text] Beijing, February 2 (XINHUA) — Chinese President Jiang Zemin and a number of high-ranking officers attended a grand cultural performance here this afternoon, conveying greetings to more than 800 army veterans as the traditional Chinese Spring Festival is drawing closer.

Jiang, also general secretary of the Central Committee of the Communist Party of China (CPC) and chairman of the Central Military Commission, delivered a speech before the performance started.

After praising the good situation in the army, Jiang expressed the hope that the veterans would continue to show concern over and lend their support to army construction and the modernization drive of the country.

He urged that earnest efforts be made to do an even better job and greet an even brighter future.

Artists from the People's Liberation Army performed excellent Songs and dances.

The Spring Festival is the most important traditional holiday in China, falling on February 19 this year.

PRC: Religious Affairs Officials Attend Spring Festival

*OW0602101896 Beijing XINHUA in English
0733 GMT 6 Feb 96*

[FBIS Transcribed Text] Beijing, February 6 (XINHUA) — Nearly 100 government officials in charge of religious affairs and other people in religious circles gathered here today to greet the impending Chinese Spring Festival.

Ye Xiaowen, director of the State Council's Religious Affairs Bureau, called on the participants to help achieve the reunification of the motherland and the revitalization of the Chinese nation.

Love for the country and religion, and the contribution to unity and progress should be the common norms of each religious person in China, Ye said.

"History shows that the unification of the motherland and unity of nationalities will result in the prosperity of all social sectors. On the other hand, splitting the country and ethnic disputes will damage national integrity and people's lives," he said.

The participants said they support the view that Taiwan is part of the People's Republic of China, expressing their hope that people of religious circles in Taiwan can make joint efforts to facilitate the cause of reunification.

PRC: Dissident Denied Visit to Seriously Sick Mother

HK0502095296 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 4 Feb 96 p 5

[By Daniel Kwan]

[PTS Transcribed Text for FBIS] Beijing officials have dodged a wife's appeal to grant her jailed husband leave to visit his seriously ill mother.

Guo Wenbin, the mother of dissident lawyer Zhou Guoqiang, will have a major cancer operation tomorrow and doctors hold out little hope of success.

But Wang Hui, Zhou's wife, said pleas to the Beijing Municipal Labour Re-education Bureau to allow her husband leave to see his mother had got nowhere.

"They told me the leader is out on an assignment, so no decision has been made. This means Zhou Guoqiang will not be able to see his mother one last time. It's too cruel," said Ms Wang.

She believed the lack of approval was a deliberate decision from the top, rather than just bureaucratic red tape.

"For Chinese, filial duty is most important. I can't understand why the party has to be so cruel to his mother, who has supported them all her life," she said.

Ms Wang, who visited Zhou at the Shuanghe Labour Re-education Farm in Heilongjiang last week, said her husband was very upset.

She said Zhou was sharing a cell with 11 others, mostly petty thieves, and had been denied medical treatment, relying on medicines she sent him.

Zhou, who has two of his four years left to serve, has heart disease and high blood pressure.

Meanwhile, Zhou's friend, exiled activist Han Dongfang, who lives in Germany, was given the Bremen Solidarity Prize on Friday.

Previous winners include Nobel Prize winner Aun San Suu Kyi and South African President Nelson Mandela.

PRC: Update on Yunnan Earthquake-Relief Work

OW0502162096 Beijing XINHUA in English
1606 GMT 5 Feb 96

[FBIS Transcribed Text] Kunming, February 5 (XINHUA) — Some eighty million yuan in donations and large amounts of goods were delivered today to quake-stricken Yunnan Province in southwest China.

Lijiang and Zhongdian counties were rocked by an earthquake measuring 7.0 on the Richter Scale Saturday [3 February] evening, and Lijiang was hit by an aftershock measuring six at the wee hours today.

The provincial government allocated a total of ten million yuan as urgent disaster-relief funds to the area, and the Kunming city government sent one million yuan in donations and more than two million yuan worth of goods.

More than 600 members of the provincial Committee of the Chinese People's Political Consultative Conference provided donations at a plenary session today, and decided to provide 30,000 yuan from meeting funds for people in the disaster area.

Sources say that a total of 35 enterprises involved in tobacco, finances, foreign trade, and industry donated more than 79 million yuan today.

Medical teams consisting of more than 250 doctors and nurses are now doing the rescue work there, and huge amounts of food, quilts, medicines, and clothing are being transported to the quake-stricken area.

PRC: State Allocates Aid for Yunnan Earthquake Victims

OW0602041396 Beijing XINHUA in English
0347 GMT 6 Feb 96

[FBIS Transcribed Text] Kunming, February 6 (XINHUA) — The Central Committee of the Communist Party of China (CPC) and the State Council have decided to set aside special funds and materials for the earthquake-stricken area in southwest China's Yunnan Province.

A major earthquake measuring seven on the Richter Scale rocked Lijiang and the Sino-Myanmar [Burma] border area February 3.

Entrusted by General Secretary of the CPC Central Committee Jiang Zemin and Premier Li Peng, a group led by Vice-Premier Wu Bangguo has hurried to the affected area.

The group has announced four emergency measures to help the victims: The ministries of finance and civil affairs will coordinate in allocating ten million yuan in relief funds, and the State Planning Commission will grant ten million yuan. The State Trade and Economic Commission will coordinate in providing 5,000 tons of gasoline and diesel fuel. The Ministry of Civil Affairs will send 100,000 padded garments and 100 tents. The Headquarters of the General Staff, the General Logistics Department and General Political Department of the People's Liberation Army, and the Chengdu and Yunnan military area commands will jointly provide 3,000 items of clothing and quilts, and 240 tents.

PRC: Table of Contents for QIUSHI No 3

HK0502052596 Beijing RENMIN RIBAO in Chinese
31 Jan 96 p 5

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Article by CPC Committee of Shanxi University: "Conduct Education on Outlook on Life Among College Students"

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Military & Public Security

PRC: Mainland's 'Military Action' Exercise Imminent

HK0602041696 Hong Kong SING TAO JIH PAO in Chinese 5 Feb 96 p A4

[Report by reporter Yin Yen (1438 1484): "With Over 400,000 Troops Stationed Along Fujian Coast, 'Military Action' Is at Point of No Return"]

[PTS Translated Text for FBIS] A series of large-scale military exercises, coded "Military Action," [junshi xingdong 6511 0057 5887 0520] which have undergone preparations for a long time, will be conducted along the Fujian coast across from Taiwan within the week. A few days ago, the People's Liberation Army [PLA] assembled over 400,000 ground, naval, and air troops, which have been put on grade two alert. The military action is to last a month. A source stressed that the large-scale live ammunition exercise aimed at Taiwan will have its unique "continuous" and "historic" characteristics.

According to the source, the difference between the current "historic" military exercise and the previous ones is that the current one is not a single and short-term military exercise. It will be a comprehensive large-scale live ammunition combat military exercise composed of various arms and services, and involving a number of topics. The current exercise, which will last more than a month, will be a comprehensive exercise following a number of military exercises conducted last year and will be the PLA's overall combat exercise against Taiwan.

Reportedly, the current military exercise is not only a direct reaction to Taiwan Vice President Li Yuan-chu's second transit visit to the United States and the passing

of the Seventh U.S. Fleet through the Taiwan Strait, but is also aimed at laying emphasis on "Jiang Zemin's 8-Point Proposal" and viewpoint of "one China." The military exercise will also indicate the determination of the military to "protect Taiwan by force" and warn Li Teng-hui from going further and further on the road of Taiwan independence.

The source disclosed that those participating in the current military exercise exceed the total number of Taiwan's 400,000 troops. Besides the 20-plus crack divisions of the infantry and over 300 jets of the air force, there will be a considerable number of submarines, missile destroyers, and speedboats participating in the exercise.

In addition, the Nanjing theater has recently transferred large numbers of anti-aircraft guns, interceptor missiles, ground-to-ship missiles, engineers, and other defensive troops from the interior and has deployed them along the coast to guard against offensives by Taiwan's air force and navy and the attack by "Tien Chien" [heavenly sword 1131 0494] and "Tien Kung" [heavenly bow 1131 1712] missiles. Reportedly, the troops participating in the current exercise are mainly the crack infantry division, which had taken part in the Hainan battle and the Yijiang Shandao amphibious warfare, and which has experience in fighting in hilly areas. The best marine division and airborne division of the PLA will also join the current combat exercise.

The Nanjing theater has already assembled its troops, which have canceled all holidays and are on grade two alert. The troops, which are equipped with ammunition, have received orders to intercept any Taiwan ship and aircraft that has entered the mainland. Mainland had adopted the policy of "temporarily not attacking" the reconnaissance aircraft of the Taiwan military flying over the mainland during the military exercises conducted at the end of last year. If similar incidents happen during the current exercise, the frictions and conflicts between the troops across the strait will be inevitable.

PRC: Jiang Zemin Inspects PLA Troops To Be Assigned to Hong Kong

OW0502131096 Beijing XINHUA in English 1257 GMT 5 Feb 96

[FBIS Transcribed Text] Beijing, February 5 (XINHUA) — The Chinese People's Liberation Army (PLA) troops to be stationed in Hong Kong should build, with their deeds, an image of being full of power and civility when they are garrisoned in Hong Kong from July 1, 1997.

This remark was made by Jiang Zemin, general secretary of the Central Committee of the Communist Party

of China (CPC) and chairman of the Central Military Commission, during his first inspection of the PLA troops to be stationed in Hong Kong on December 6, 1995.

In the company of Major-General Liu Zhenwu, commander of the PLA Hong Kong Troops, and Political Commissar Xiong Ziren, Jiang visited an infantry company and inquired about the daily lives and training of the troops.

During the inspection the general secretary said that it is only 500-odd days from China's resumption of the exercise of sovereignty over Hong Kong. The troops shoulder a glorious yet arduous task entrusted by the country and the Party, he reminded them.

He said he expected them to make special contributions to the garrison of the Hong Kong Special Administrative Region.

Citing the consistent concern shown by Jiang Zemin for these troops, a XINHUA report said the general secretary scrutinized a report on the formation of the PLA Hong Kong Troops on October 2, 1990 and gave his first instruction: The most important thing for the PLA Hong Kong Troops is to be perfect politically.

Since the formation of this contingent in early 1993 Jiang has made a series of directions governing various aspects of the troops, especially the quality of its members.

When the PLA Hong Kong Troops, consisting of ground, naval and air forces, took shape in 1994, Jiang repeatedly told Liu Huaqing and Zhang Zhen, vice-chairmen of the Central Military Commission, the PLA Hong Kong Troops should have a clear understanding that garrisoning Hong Kong is different from entering Shanghai in the early liberation days.

China is to act in accordance with the principle of "one country, two systems" when it resumes the exercise of sovereignty over Hong Kong in 1997, and Hong Kong will be run by Hong Kong residents themselves, he explained.

Jiang put forward a set of criteria for the PLA Hong Kong Troops when he attended a panel discussion at the third session of the Eighth National People's Congress held in March 1995, stating that the troops should be first-rate in political and ideological education, military training, discipline and management.

PRC: Army Paper on Training of Fast-Attack Units
HK0602082096 Beijing JIEFANGJUN BAO
in Chinese 29 Jan 96 p 2

[Dispatch by Wang Guangxin (3076 0342 9515) and Teng Xiaobo (3326 2556 3134): "East China Sea Fleet's Fast-Attack Unit Keeps Improving Ability for Sustained Maritime Combat"]

[PTS Translated Text for FBIS] Ningbo, 25 Jan (JIEFANGJUN BAO)— Piercing wind blew over the waters in the East China Sea over the past few days. The "enemy" and our army were locked in a fierce battle for days. At the time when both sides had exhausted their ammunition and grain, our reinforcement unit composed of scores of fast-attack craft suddenly appeared, and in light of the predetermined operation plan, they rapidly approached the enemy vessels and launched a stormy attack by firing missiles, torpedoes, and shells. An aircraft, which served as the navigator of the fast-attack craft, also launched an attack at an enemy ship that attempted to escape. As a result, the enemy vessels were either sunk or damaged. This was a distant sea drill conducted by a fast-attack unit of the Navy, aimed at testing its sustained naval combat effectiveness.

As fast-attack craft are "short legged," they cannot carry out operations in the distant ocean. Their operations in the past were merely limited to coastal defensive battles. After each single offensive, they must return to the base to re-supply before they can start the second round of the offensive. This is far from meeting the needs of modern warfare. In order to increase its distant combat effectiveness, the unit first proceeded from increasing the cruising radius and subsistence of the fast-attack craft and conducted training on food and freshwater supply and oil refueling in the distant waters. Last year the unit successfully conducted difficult logistics drills on the waters, including the loading of torpedoes without any port conditions.

"Shortsightedness" and difficulties in targeting distant objects is another deficiency of the fast-attack craft. For this reason, the unit boldly proposed the idea of raising the "eyes" of the fast-attack craft to the sky. During the drills, they made use of their cooperation with the aircraft to navigate their moves and offensives. As a result, the fast-attack craft approached the enemy vessels without the opponent noticing them. Accompanied by other units and navigated by aircraft, the fast-attack unit spent several days in the waters and appeared before the enemy vessels unnoticed. The drill also included food and freshwater supply and refueling. The drill proved that the fast-attack unit not only made up for the deficiency of their equipment, but were also able to

enhance their ability for sustained fighting in the waters, opening up a new path to other fast-attack units to take part in this type of drill.

***PRC: Preemptive Strikes Endorsed for Limited High-Tech War**

96CM0016A Beijing JIEFANGJUN BAO in Chinese
14 Feb 95 p 6

[Article by Lu Linzhi (7120 2651 3112): "Preemptive Strikes Crucial in Limited High-Tech Wars"]

[FBIS Translated Text] The so-called preemptive strike means taking a series of decisive offensive actions in a battle to attack the key targets of the enemy's in-depth campaign formation, diminish its high tech edge, impair its attack readiness, and create an advantageous combat situation, all within a strategic framework of gaining mastery by striking only after the enemy has struck.

Fundamental Way for the Weak To Overpower the Strong

In military affairs, launching a preemptive strike has always been an effective way in which the party at a disadvantage may overpower its stronger opponent. In a limited high tech war, where the pace of action is fast and the duration short, a campaign often takes on a make-or-break character. Clearly the quick and decisive battle assumes much more importance in such a war. For the weaker party, waiting for the enemy to deliver the first blow will have disastrous consequences and may even put it in a passive situation from which it will never be able to get out. In the third Middle East war, the three Arab nations (Egypt, Syria, and Jordan) combined had 0.6 times more troops than Israel, 1.5 times more planes, and 1.5 times more tanks. But Israel stuck with the military philosophy that "a defensive war must take place in an enemy-occupied area" and made meticulous planning and full preparations before going to war. It chose an ingenious time to launch a sudden attack, hitting targets selected with equal brilliance. In just six days it won the war. In the Gulf War, Iraq suffered from passive strategic guidance and overlooked the importance of seizing the initiative and launching a preemptive attack. In doing so, it missed a good opportunity to turn the war around and change its outcome. Accordingly, an effective strategy by which the weaker party can overcome its more powerful enemy is to take advantage of serious gaps in the deployment of forces by the enemy with a high tech edge by launching a preemptive strike during the early phase of the war or in the preparations leading to the offensive.

The preemptive strike is a prime expression of active defense strategic thinking at a tactical level. In China's

antiaggression wars in the future, all military activities conducted by the enemy and aimed at breaking up China territorially and violating its sovereignty de facto constitute the "first shot" in strategic terms. The actual combat that follows is merely a continuation and expansion on a strategic level of the "first shot." For this reason, when a point is reached at which the enemy is amassing troops or engaged in other military activities targeting this nation and war has become inevitable, we must lose no time in launching a preemptive strike, an important example of active defense strategic thinking at the start of a limited high tech war.

A high tech equipped enemy typically starts out by amassing troops and deploying hardware swiftly in the war zone, followed by large-scale air strikes in an attempt to weaken to the greatest extent possible China's combat capability and combat potential. When the "conditions are ripe," it will then move to launch the decisive battle. The enemy is most vulnerable during the early phase of the war when it is still deploying troops and making operational preparations. Circumstances permitting, therefore, China should at that juncture launch a preemptive strike with overwhelmingly superior forces, a course of action that is more likely to help it win the war. In contrast, if it just sits there and waits for the enemy to complete assembling its full array of troops, China's fighting potential will certainly be more severely jeopardized because the enemy will then be in a position to put its overall combat superiority to good use, making it more difficult for China to win the war.

Things To Be Ware of When Launching Preemptive Strike

First, the paramount mission of a preemptive strike is to neutralize the enemy's high tech edge and destroy its readiness to launch an attack. That the enemy has more sophisticated weaponry than China is the biggest problem facing China in a future war. Reconnaissance positioning satellites, AWAC's, stealth bombers, aircraft carriers, long-range precision guided weapons... the enemy has all of that; we don't. As for tactical guided missiles, electronic resistance equipment, the communications, command and control, information systems, main battlefield aircraft, main battlefield tanks, and submarines, what we have is inferior to the enemy's. Our military spending per soldier is one-sixty eighth that of the United States, one-fifty fifth that of Japan, and one-fifty fourth that of Britain. It is estimated that by the year 2000 or so the weaponry gap between China and its enemies will worsen from the current "superior-inferior difference" and "quantitative difference" at the same level to "superior-inferior difference" and "qualitative difference" at different levels. For this reason,

once the enemy achieves a high tech edge in the war zone and is ready to take the offensive, the obstacles facing China on the battlefield will multiply dramatically. This makes it imperative that China launch a preemptive strike by taking advantage of the window of opportunity present before the enemy acquires a high tech edge or develops a full-fledged combat capability in the war zone. Through a preemptive strike, China can put good timing and geographical location and the support of the people to good use by making a series of offensive moves to destroy the enemy's ability to deploy high tech weapons and troops and limit its ability to acquire a high tech edge in the war zone, thus weakening its capacity to mount a powerful offensive. This is the only way to steer the course of the war in a direction favorable to China.

Second, those who stake out the battlefield must establish a three-dimensional in-depth forward attack zone. If the several limited wars in recent years are any guide, the establishment of a forward attack zone brings the battlefield as close to where the enemy deploys its forces as possible, which is a precondition for launching a preemptive strike and seizing the initiative in a war. The creation of a forward attack zone must abide by the principle of three-dimensionality, integrating the five elements—land, sea, air, space, and electricity—into a coherent whole. Follow the principle of depth and extend war space as much as possible. Follow the principle of restraint and meet the demands of strategic and campaign planning. Follow the principle of flexibility and promptly revise the forward attack zone in response to changes in the direction in which the enemy mounts its attack and in the circumstances on the battlefield.

Third, when it comes to choosing a mode of operations, we should give pride of place to fire assaults, special operations, and sabotage operations. Attacking a target in a sustained manner with a concentration of heavy firepower can achieve some of our tactical, even strategic, goals even before there is direct contact with enemy forces. In the early phase of a war, in particular, a fire assault is the main tool available that can destroy the enemy's war making machine and chip away its combat effectiveness. How a fire assault is executed should depend on combat needs. A fire assault may be mounted by a single arm military force with its independent fighting capacity or a combined arms military force. Distribute the forces over the combat zone by taking advantage of its favorable topography and surface features to create a situation where formal dispersion hides a concentration of power. Using frequent fire mobility, launch fire assaults at key enemy targets within a relatively short period of time from different directions and at different ranges. During the preemptive strike,

we should also despatch special units of picked troops to infiltrate the enemy's rear area to carry out special operations and sabotage operations, attacking the critical elements in and key links of its war making machine everywhere—on and, at sea, and in the air—in a mobile way so that if only one thing goes wrong, the whole system would be affected. In choosing the attack targets, we should zero in on the hubs and other crucial links in the system that moves enemy troops as well as the war making machine, such as harbors, airports, means of transportation, battlefield installations, and the communications, command and control, and information systems. In our military operations we should stress sudden attacks of short duration. Attack swiftly and retreat just as swiftly. Using a carrot-and-stick approach, we should also launch a wide-ranging electronic war and psychological warfare to undermine public confidence as well as the morale of the military in the enemy state, thereby eroding its capacity to wage war while paving the way for China to launch a counterattack.

***PRC: Need for Battlefield Electronic Analysis Described**

96CM0049A Beijing JIEFANGJUN BAO in Chinese
22 Aug 95 p 6

[Article by Liu Senshan (0491 2773 1472): "Electromagnetic Environment Analysis and Planning"]

[FBIS Translated Text] The term electromagnetic environment means the sum total of the amount, kinds, and distribution of sources of electronic emissions on a battlefield, as well as their power, wave lengths, and frequencies. Electromagnetic environment analysis consists mostly of the planning and drawing up of electronic countermeasure strategies beneficial to oneself based on determination of the electromagnetic sources, kinds of signals, operational properties, and degree of threat.

A so-called information battlefield is, first, a battlefield filled with electromagnetic waves. So-called digitalization is also largely expressed in digital use, control and processing of the electromagnetic frequency spectrum. Attack by various kinds of digitally controlled and launched electromagnetic waves and lethal weapons is conducted in an electromagnetic environment. The electromagnetic environment of an information battlefield seems more covert, more varied, and more charged with vitality than formerly. Its analysis and planning has a direct bearing on commanders decisions, their use of tricks and stratagems, and their seizure of information superiority. It is the first step in moving from traditional tactical training to information tactical training.

When the army of the former Soviet Union invaded Afghanistan in December 1979, it analyzed the elec-

tronic environment to find and use the cyclical periods when American reconnaissance satellites were not over the Soviet Union. During these periods, it completed movements and concentrations of large military forces to achieve strategic surprise. However, with the proliferation of electronic warfare weapons and the use of digital technology, given today's crowded electromagnetic environment, a single army intelligence and electronic warfare brigade can run between 80 and 90 radio intercept and direction finding posts, 12 radio reconnaissance and radio technical reconnaissance posts, between 14 and 18 radar and photographic reconnaissance stations, and 24 deep electronic penetration reconnaissance teams. It can regularly monitor between 100 and 130 short wave radio networks, between 75 and 100 ultra-short wave radio networks, 500 radio relay communications channels, and between 110 and 120 radars. Its reconnaissance, and its jamming and suppression can reach a depth of more than 100 kilometers, and a maximum of 450 kilometers. If the sources of electromagnetic emissions of division, brigade, and regiment electronic units and contingents, of the command and control systems of various kinds of lethal weapons, and of all sorts of reconnaissance satellites, and electronic warfare aircraft are added to it, the number comes to hundreds of thousands or even a million. Signal types include pulse, continuous wave coded, and frequency shift, as well as infrared, microwave, and laser. Therefore, the information battlefield's electromagnetic environment is no longer limited to one, or several, planimetric directional electronic wave channels, but consists of three dimensional electromagnetic synthetic networks made up of a combination of computers and numerous kinds of electronic devices. If they are omitted from analysis and planning, matters can very easily get out of hand and setbacks occur; the enemy's dense electromagnetic superiority can become overwhelming in a future war.

Electromagnetic environmental analysis and planning as a conscious action for raising electronic warfare from a technology to an art is both a premeditated and random process. It is premeditated in that it requires detailed reconnaissance and collection of the design, production, procurement, and installation of electronic equipment by every country of the world during peacetime, storing it in one's own electronic intelligence data bank. When conditions permit, one must also use simulated electronic countermeasures, and devise corresponding jamming and suppression procedures for use in preparing for war. It is random in that it first employs electronic feints as a lure on the eve of war or when war breaks out to trick the enemy into turning on his radar, radio stations, and command, control, communications and intelligence systems, while one's own side simultane-

ously sends out electronic reconnaissance aircraft, satellites, or other electronic reconnaissance devices to determine the coordinates of the enemy's electronic warfare weapons, and to record indices and working characteristics such as their power, wave length, and frequency. These data may be compared with, and used to augment the previously stored peacetime intelligence data. One important reason why the multinational force headed by the United States was able to employ the EA-6B electronic jamming aircraft accurately against the Iraqi army's guided missile weapons and communications radio waves, and use the EF-11A "Crow" aircraft to jam Iraqi army ground-to-air communications, ground-to-air radar, and on-board radar with satisfactory results was the good premeditated and random work done in analyzing the electromagnetic environment.

The special significance for the defending party of electromagnetic analysis and planning lies in his not necessarily being interested solely in defense in electronic warfare, but in being able, given the opportunity, to pinpoint weaknesses and gaps in the attacker's electromagnetic layout. The defender's interest is in launching a clever electronic offensive, in vectoring his own lethal weapons for counterattack, or in using electronic imaging to set the stage for an offensive. The Iraqi army employed fairly sophisticated electronic equipment in the Gulf War, but it very rapidly became deaf, blind, and paralyzed nevertheless. This was because, first, it was not adept at electromagnetic environment analysis and planning. It did not discover and make use of weaknesses in the opponent's electromagnetic superiority. Instead, it concentrated on concealment above all else. Second, its electronic maneuvers were too straightforward. They lacked astuteness and tactical artistry. The Iraqis did not understand the need to use false deceptive signals to deceive and arouse the opponent. They did not lure their opponent into revealing the gaps in his electromagnetic emissions and their various parameters. They just switched their devices on and off mulishly, thus making themselves naked targets for the opponent's electronic reconnaissance, analysis, and decisions, and for the drawing up of "white snow" plans.

The position of electronic warfare in information warfare requires that electronic environment analysis and planning be the main emphasis in the reform of tactical training, painstaking electromagnetic environment analysis used to plan and draw up electronic countermeasure plans beneficial to oneself. Verbal electronic warfare and information warfare must be translated into real tactical work, such work serving to toughen and improve commander's real ability to conduct electronic warfare and to seize the initiative on the information battlefield.

PRC: Nanjing Theater Institutes Unified Logistic Command System

*HK0602071396 Beijing JIEFANGJUN BAO
in Chinese 8 Jan 96 p 1*

[By Ding Jianwei (0002 1696 0251) and reporter Yan Jinjiu (7051 6855 0036): "Nanjing Theater Exercises Unified Command Over Logistic Service of Three Armed Services To Effect Joint Support"]

[PTS Translated Text for FBIS] The logistics departments of the Nanjing Military Region, the navy, and the air force, as well as the units of the 2d Artillery and the State Commission of Science, Technology, and Industry for National Defense have adopted a prearranged task method [yu bian yu ren xing shi 7315 4882 1384 0117 1748 1709] and instituted a theater unified logistic command system for the first time in the whole Army. In the two major exercises organized by the support headquarters [bao zhang zong bu 0202 7140 4920 6752], the logistics departments and affiliated organizations of the three services, which were placed under the unified command and management in the delivery of exercise units and combat materials, have developed the overall support might of all the armed services.

Since the beginning of last year, centering on the military commission's requirement to energetically advance the designated logistic area pattern [hua qu bao zhang mo shi 0439 0575 0202 7140 2875 1709] and gradually institute a support structure for the three-service joint operations, the logistics departments and affiliated organizations of the three services in the Nanjing Theater have conducted effective explorations. In light of the present situation characterized by barriers between different departments and regions, duplicate functions, scattered forces, reverse flow of materials, which exist in the logistic service of the three services; they spent a month jointly inspecting the warehouses, hospitals, and material supply depots of the three services in the theater, as well as the local support elements and, in line with the principle of three-service joint support, army-civilian integration, and close proximity and convenience to facilitate logistics support, designated and set up a number of "joint support areas" so that the "lines" of the navy, the "points" of the air force, and the "surfaces" of the ground forces can be integrated and complement one another. The logistics and local mobilization departments of each arm and service assigned a liaison man to form a liaison organ. Ordinarily they maintain an inter-related support relationship but in times of war they are quickly turned into a joint support body so that all existing support forces can develop to a maximum limit into a support entity adapted to modern operational tasks.

Wang Chuanwu, director of the logistics department of the Nanjing Military Region, told these reporters that, given the numerous service recipients, diversified modes and the broad extent of the implementation of the three-service joint support system, only by stepping up centralized command and coordination is it possible to bring into full play the overall support superiority. To this end, they have established for the first time in the whole Army a three-service unified logistic command system with a direct communication and automated command function. In the two major exercises held in the second half of last year, the mode of exercising unified command and coordination over the logistics departments of the three services to effect joint support has stood the tests under an actual combat condition and has been confirmed by military commission leaders and units taking part in the exercises.

PRC: General Staff Circular on New Training Program

*HK0602033296 Beijing JIEFANGJUN BAO
in Chinese 22 Dec 95 p 1*

[Report by Zhang Jian (1728 1696) and reporter Ren Yanjun (0117 3601 6511): "General Staff Department Circular Requires All Army To Conscientiously Implement New-Generation Military Training Program"]

[PTS Translated Text for FBIS] Beijing, 21 Dec—The General Staff Department the other day issued a circular demanding that while carrying out 1996 military training, all units should implement to the letter the new general military training program and training appraisal standards and strictly organize training in accordance with the new training program and standards.

The circular stated: The new training program and standards have redefined training content and time and laid down in no uncertain terms training emphases, requirements, and quality standards. They are important military training decrees that serve as a basis for units' basic training aimed at fighting a high-tech local war. While implementing the new program and standards, units should first and foremost try to strengthen their sense of the decrees, fully understand the position and role of the new program and standards, enhance consciousness in implementing the new program and standards, persistently conduct training in accordance with the new program, strengthen training management, and tackle blindness and willfulness in training.

The circular stressed: All units should proceed from realities, conduct phased, top-to-bottom, and composite training, guide training with good examples, step up training inspection, supervision, guidance, and tests, conscientiously study and master the new program and

standards, and comprehensively grasp characteristics, content, and requirements of the new program and standards. Leaders and training departments at and above regiment level should try to familiarize themselves with all levels of training content and standards as provided for in the new program in order to achieve professional proficiency. The units' officers, especially principal officers at the battalion and company levels, should try to learn and master training content concerning their specialties, take the initiative to enforce the new program and standards, and implement the new program in a down-to-earth manner.

The circular held: The year 1996 is the first year for implementing the new program and standards. Leaders and training departments at all levels should step up training guidance, urge all units to make a success of training in accordance with the new program and standards, comprehensively and strictly conduct unit training in accordance with content and time stipulated in the new program, formulate clear-cut training quotas and conduct training quality appraisal in accordance with the new standards, resolve problems like blindly pursuing individual training quotas, conducting uneven and incomplete training, and guarantee phased training, phased composition of forces, and phased fighting capacity enhancement for all troops.

The circular pointed out: Along with development and change in modern warfare and China's armed forces establishment structure, weaponry, and equipment, the units' training is bound to encounter many new situations and problems. While implementing the new program and standards, units should also try to sum up experiences in light of training realities so as to constantly adapt to the latest developments and changes.

PRC: Army Discipline Inspection Meeting Held 24 Jan

*HK0602015796 Beijing JIEFANGJUN BAO
in Chinese 26 Jan 96 p 1*

[Report by staff reporter Zhu Ruiqing (2612 3843 3237) from Beijing on 25 January: "All-Army Discipline Inspection Work Meeting Stresses: Safeguarding the Party's Political Discipline Should Be Taken As a Top Priority Task"]

[PTS Translated Text for FBIS] "We must get a clearer understanding of our historical mission, enhance our enthusiasm, explore the way forward, work in a down-to-earth manner, and attach importance to practical results. Under the leadership of the CPC Central Committee and the Central Military Commission [CMC] with Comrade Jiang Zemin as the core. We must make relentless efforts to raise party work style in the Army and the build-

ing of clean, honest administration to a new level." This was a demand put forward by the all-Army discipline inspection work conference which opened yesterday.

This discipline inspection work conference is being held while the Sixth Plenary Session of the Central Discipline Inspection Commission is in progress. To implement the spirit of the session, with the approval of the CMC, the General Political Department and Discipline Inspection Commission under the CMC held the above-mentioned conference mainly to sum up last year's work, make arrangements for future tasks, and further strengthen the building of party work style and clean, honest administration in the Army. CMC leaders attached importance to the meeting, and the CMC Standing Committee listened to work reports and issued explicit instructions.

Zhou Ziyu, deputy director of the General Political Department and secretary of the Discipline Inspection Commission under the CMC, delivered a work report at the meeting. While reviewing the main work of opposing corruption and advocating clean, honest administration in 1995, he pointed out: CPC committees and discipline inspection commissions at all levels have conscientiously implemented the instructions and requirements of the CPC Central Committee and the CMC to devote their main efforts to deepening the work and achieving results in policy implementation to make new progress in various tasks. To enable party-member cadres to further enhance their capability to resist corruption and prevent degeneration, they have grasped ideological and political education with the spirit of rectifying incorrect work style and thinking. They have strengthened supervision and inspection, and leading cadres have made new progress in being honest and clean and imposing self-discipline on themselves. To seriously investigate and prosecute several cases of violation of law and discipline, efforts have been made to pay more attention to handling cases. To carry out specialized administration and promptly correct or curb some unhealthy trends, they have grasped prominent issues. Discipline inspection commissions and departments at all levels have attached importance to their own development, conscientiously performed their duties, and played their own role in the struggle against corruption and advocating clean, honest administration. The 16 advanced collectives and workers commended by the Central Discipline Inspection Commission, Ministry of Supervision, and Ministry of Personnel are outstanding representatives on the discipline inspection front throughout the Army.

The report added: In 1996, our country and Army will shoulder a heavy task in reform and development, and new situations might occur in party work style and the building of clean, honest administration. In the new

year, in accordance with the arrangements and requirements of the CPC Central Committee and CMC, we must take as a guide Comrade Deng Xiaoping's theories and thinking on building socialism with Chinese characteristics and the building of our Army in the new period to persist in giving first priority to ideological and political building, prominently grasp education and management of our senior and middle-ranking cadres, and further increase the weight of opposing corruption and advocating clean, honest administration. This will truly ensure fulfillment of the various tasks of safeguarding the party's political discipline, maintaining the cleanness and honesty of leading cadres, investigating and prosecuting major, important cases, correcting unhealthy trends, and so on. We must guarantee the party's absolute leadership over the Army to ensure the fulfillment of various tasks of the Army in reform and development.

The report stressed that recently, CMC Chairman Jiang has repeatedly warned [gao jie 0707 6135]: Leading cadres definitely must stress politics [yi ding yao jiang zheng zhi 0001 1353 6008 6199 2398 3112]. Our Army is an armed group that carries out the party's political tasks. Attaching importance to politics is the quintessence of the fine tradition of our Army and the soul of our Army building. It is necessary to make efforts in various aspects to fulfill the requirements and implement in our work that the Army must attach importance to politics. As far as discipline inspection work is concerned, we must first of all guarantee the party's absolute leadership over the Army through strict political discipline. CPC Committees and Discipline Inspection Commissions at all levels must take abiding by and safeguarding political discipline as the most important task of their discipline inspection work. They must grasp implementation work well. To strictly abide by political discipline, what is fundamentally important is that we must resolutely protect the authority of the party's third-generation leadership collective with Comrade Jiang Zemin as the core. We must obey in all our action the orders of the CPC Central Committee and the CMC, and implement to the letter the party line, guiding principle, and policy, and the resolutions, instructions, and orders of the CMC. We must politically keep in line with the CPC Central Committee at all times and under whatever circumstances.

The report emphasized: It is necessary to strengthen education and management of senior cadres with main efforts devoted to implementing the "Opinions of the General Political Department on Strengthening Education and Management of Senior and Middle-Ranking Cadres." We must score results in strictly abiding by regulations on pay and conditions, reporting on major

events, and educating spouses, children, and working personnel at one's side. It is necessary to attach importance to ideological education and institutionalization. This is a permanent policy for opposing corruption and advocating honest and clean administration. It is necessary to implement the guiding principle of administering the party and running the Army strictly. In light of new problems arising under the new situation, we must pay special attention to setting strict demands on middle-ranking and senior cadres. It is necessary to carry out strict education, management, and supervision. It is necessary to further improve and implement the responsibility system. We must stick to the principle that CPC committees grasp the general policy and situation, that discipline inspection commissions are in charge of coordination, and that relevant departments in party and government organs assume their own responsibility to work as one to grasp party work style and promote clean, honest administration. It is truly necessary to grasp the building of discipline inspection contingents and attach importance to study, politics, and healthy trends. It is necessary to profoundly carry out investigation and study, and do our discipline inspection work in a systematic and creative manner with clearer objectives in mind. It is necessary to take initiative in our work.

The meeting was presided over by Cao Gangchuan, deputy chief of general staff and deputy secretary of the Discipline Inspection Commission under the CMC. Those who attended the meeting also included Central Discipline Inspection Commission members in the Army, members of the Discipline Inspection Commission under the CMC, secretaries of discipline inspections commissions of various large units, the People's Armed Police, and others.

PRC: Defense Paper Notes People's Armed Forces Building

OW0602024496 Beijing XINHUA Domestic Service
in Chinese 1227 GMT 2 Feb 96

[FBIS Translated Text] Beijing, 2 Feb (XINHUA) — ZHONGGUO GUOFANG BAO [CHINA NATIONAL DEFENSE PAPER] recently carried four consecutive commentators' articles on the issues related to enhancing the people's armed forces in the new period.

The titles of those four articles are: "It Is Necessary To Readjust, Deploy People's Armed Forces Cadres Well;" "Strictly Enforce Discipline, Do a Good Management Job;" "Persist In Dual Leadership, In The Cooperation And Coordination Between Army, Localities;" and "Implement Rules, Regulations, Establish Normal Order." Those articles noted that to enhance army building and the building of defense reserve force for the national

defense in the new period, the CPC Central Committee has attached extremely high importance to the building of the people's armed forces. The key for conscientious strengthening of the people's armed forces building in the new period lies in readjusting, deploying, and settling well the people's armed forces cadres. A good job done in this area will ensure the due implementation of the relevant guidelines laid down by the CPC Central Committee, the full mobilization of the initiative of the broad mass of the people's armed forces cadres, the good-opening of a new phase in the people's armed forces work, the smoothing out of various relations, the maintaining of continuity in work, and the laying of a good foundation for the long term development of the people's armed forces.

Those articles pointed out that the Chinese army is an armed group marked by a high degree of concentration and unity, that it has always stressed acting in accordance with orders, and that all of its moves are guided by command. In the current efforts to enhance the people's armed forces, it is necessary to particularly stress the need to strictly handle matters according to relevant policies and rules, and to make strict demands on and enhance management of the people's armed forces. To make sure that the assets, accounts, and procedures are in order, present efforts should be mainly directed to checking and managing well the funds, materials, facilities, and equipment of the people's armed forces.

The articles pointed out that, county (city, district)-level people's armed forces, being first-level military organs, must carry out regularized management in line with the army's rules and regulations, for it is the main task in strengthening the people's armed forces building. Given the present situation, the people's armed forces need to deal with the following tasks for the present and for some time in the future: First, they should step up education and management over the people's armed forces cadres. Second, they need to enhance the regularized management over the people's armed forces organs.

The articles stressed that as the building of the people's armed forces in the new period involves many party, government, and military departments, military organs, local party committees and governments are required to make concerted efforts and to strengthen leadership conscientiously. Only when the military and localities cooperate and coordinate with each other closely can there be a genuine implementation of the CPC Central Committee's principles and policies on enhancing the building of the people's armed forces.

*PRC: China's Continental Shelves Defined

96CM0049B Beijing JIEFANGJUN BAO in Chinese
22 Aug 95 p 6

[Article by Ye Xinrong (0673 0207 2837): "Managing the Oceans — Continental Shelves, Increasingly a Focus of World Attention"]

[FBIS Translated Excerpt] The continental shelf is a completely natural extension of a coastal country's land territory beyond its territorial sea. It extends to the seabed and subsoil of the bottom of the sea areas at the outer edge of the mainland. If the distance from the base line for measuring the territorial sea width to the outer edge of the continental margin is less than 200 nautical miles, the continental shelf extends for 200 nautical miles. If the distance from the base line for measuring the territorial sea width is more than 200 nautical miles, each of the points along the outer limits of the sea bed of the continental shelf should not exceed 350 nautical miles from the base line, or should not exceed 100 nautical miles of the 2,500 meter equal depth line. [passage omitted]

In 1945, [President Harry] Truman's public announcement declared: "When a continental shelf extends to the shores of another country or when neighboring countries share the same continental shelf, the border shall be set by the United States and the country concerned using the fairness principle. Subsequently, in publishing similar declarations or laws, Saudi Arabia, Iran, and the Philippines all stressed demarcating borders on the fairness principle. In a 1969 decision on the demarcation of the North Sea continental shelf, the International Court affirmed the fairness principle as the basic principle for continental shelf demarcation. In a 1977 Anglo-French continental shelf case, the arbitration court also ruled that continental shelf demarcation must be according to the fairness principle. A special agreement reached between Tunisia and Libya in 1982 also acknowledged the fairness principle as the basis for considering the distinctive particulars of that region's continental shelf.

So, what is the "fairness principle, and what is deemed in keeping with this principle? The so-called "in keeping with the fairness principle," means not only that one must adopt fair methods, but, more importantly, that a fair result must be attained. A fair result positively does not mean that the countries concerned share equally no matter what, but rather that it is necessary to maintain the relationship of the continental shelf as an extension of the land, assigning that portion of it that is a natural extension of a country's territory to that country. Just what method of delineation can realize the fairness principle? This is a fairly complex question that must take into account the basic fact that the continental

shelf is a natural extension of the land. It must take into account differences in the ocean areas in different parts of the world, the structure of the seacoast and the proportion of the coastline, the location of islets, and the geological and geographical structure of the sea bottom and its natural resources, in addition to which the demarcation must be made within the basic limits of the fairness principle. Failure to take into account the basic fact of natural extension, and failure to take into account the concrete circumstances that apply makes impossible both realization of the "fairness principle," and attainment of a fair result. As the International Court of Arbitration noted in an arbitration case, any delineation method used, "is for the purpose of reflecting properly the geography and other matters concerned in each specific circumstance in order to arrive at a fair delimitation of boundaries." Clearly, the fairness principle is a generally recognized international standard. The natural extension principle is a basic fact that must be considered and a basic principle that must be followed in demarcating the continental shelf. An equidistant center line is one method of demarcation that can be used only when it is in keeping with the fairness principle.

China has a long coastline, and its continental shelf is extremely broad. It is one of the 18 countries in the world whose continental shelf is more than 200 nautical miles wide. The bottoms of both the Bo Hai and the Yellow Seas are entirely continental shelf. Two-thirds of the East China Sea bottom is continental shelf, which is nearly 400 nautical miles wide at its widest point. More than one-half of the South China Sea bottom is continental shelf. According to the provisions of the "United Nations Maritime Law Convention," the continental shelf and exclusive economic zone area belonging to China total more than 3 million square kilometers, equivalent to one-third of China's land territory. The coastal continental shelf contains extremely plentiful natural resources, its petroleum reserves totaling 10 billion tons. Except for Bohai, problems exist with neighboring countries about the demarcation of all of China's other continental shelves. The Chinese government has always advocated discussions to reach an agreement with the countries concerned on the demarcation of continental shelves. The East China Sea continental shelf development zone unilaterally defined in the "Japan-South Korea Agreement on Joint Development of the Continental Shelf," signed between Japan and South Korea on 30 January 1974 infringes upon China's continental shelf rights. The "Law on Development of Ocean Floor Minerals," that South Korea promulgated in 1970 declares an equidistant center line to be the dividing line of the Yellow Sea continental shelf with China. In

its 1977 declaration on territorial seas, adjacent areas, and exclusive rights zones, as well as in its 1982 declaration on territorial sea base lines, Vietnam divided the Tonkin Gulf into Chinese and Vietnamese ocean areas in a vain attempt to gobble up two-thirds of the as yet undemarcated ocean area and continental shelf of the Tonkin Gulf. This contravenes provisions of the "United Nations Maritime Convention," and cannot be recognized by the Chinese government.

Greater indoctrination in an ocean concept to increase awareness of the oceans, to inculcate a strong concept of the oceans as national territory, and of cherishing every inch of China's ocean territory is a matter of major importance having a bearing on the survival and development of China's posterity. We must manage, use, and defend our marine territory for the sake of the national interest.

PRC: Jilin Hears Report on Security Work Conference

*SK0602052096 Changchun JILIN RIBAO in Chinese
13 Jan 96 pp 1,2*

[FBIS Translated Text] On 12 January, standing committee members of the provincial party committee gathered together to hear the report on the situation of the provincial public security work conference and urged that political and legal fronts throughout the province should set their eyes on politics, base themselves on the overall situation, serve the central task, go all out to safeguard the political and social stability, and create a good environment and provide forceful guarantees and services for realizing the Ninth Five-Year Plan and the Grand Goal for the Year 2010.

Comrade Zhang Dejiang, secretary of the provincial party committee, pointed out: International hostile forces have constantly been antagonistic to the socialist system and never slackened their efforts to infiltrate, overturn, and damage our country. The next 5 to 15 years is a key period that international hostile forces will have a political contest with us. Meanwhile, domestic hostile elements will ceaselessly change their tactics and means for evil sabotage, and some serious criminal activities have greatly jeopardized social stability. Leading cadres at various levels and comrades on political and legal fronts should approach from a political point of view to observe, ponder, and handle problems; always guard against hostile forces' sabotage plots; and never lower their guards. We should conscientiously study Comrade Jiang Zemin's important instructions on stressing politics; strive to enhance our political awareness, steadfastness, sensitivity, and vigilance; be politically qualified; and have a perfect mastery of politics. The more we deepen reform and

expand the scale of opening up, the more we should pay attention to politics. We should be sure not to lose our bearings in the complicated struggle only by devoting ourselves to day-to-day specific affairs. We should fully understand the long duration of the struggle against the hostile forces within and outside the border and the complicatedness of the contradictions within the people in the new situation; make full ideological and work preparations; be always in an invincible position; and stand higher, think deeper, and see farther in this aspect.

Comrade Zhang Dejiang said: So long as we accurately understand and handle the relationship between reform, development, and stability, then we will achieve the public security work in the new situation. Economic construction is a key foundation. Without the progress in economic construction, there will be neither political stability nor social stability. Political and legal departments at various levels should grasp the orientation to serve reform, opening up, and economic construction; attend to the basic task of creating a good political and social environment and providing forceful and legal guarantees and services for reform, opening up, and economic construction; and regard the question of whether or not the "three- conducive" standards can be attained as the fundamental standard for judging their work. The political and social environment for reform and development should be stable. Nothing will be accomplished without stability. These departments, with a key irreplaceable duty of safeguarding stability, must resolutely safeguard the socialism with Chinese characteristics, the interests of the state and the people, the dignity and integrity of the socialist legal system, and the socialist market economic order. We should always pay a good and firm attention to safeguarding stability. Achieving this is offering the highest service to the central link of economic construction and being submitted to the major task of the party as a whole. Persisting in the party Central Committee's eight guiding principles governing the public security work is the fundamental guarantee for fulfilling the work in this aspect. All comrades on this front should unswervingly implement these principles to the letter and ceaselessly enhance the awareness of implementation. The sixth plenary session of the sixth provincial party committee put forward the targets for economic construction and social development in the next five to 15 years. Realizing these fighting targets is our province's major task. Thus, political and legal departments at various levels, through conscientious study, should adopt effective and specific measures and consciously throw themselves into the great struggle for realizing the grand blueprint.

Comrade Zhang Dejiang stressed in his speech: The question of whether or not we can achieve the public security work in the foreseeable future depends on a strong leading body and a cadre contingent with combat effectiveness. To strengthen the construction of the leading body and the cadre contingent, at present, we should attend to two tasks: First, have firm belief in communism, deepen the ideological education on having firm belief in communism and firmly remembering the great goal, advance unswervingly along with the path of socialism with Chinese characteristics, and fight for realizing the ultimate ideal of the party. Second, persist in the goal of serving the people. Leading cadres at various levels and all working personnel of these departments should be the first to join the campaign of serving and cherishing the people in an effort to offer realistic services to the people. We should conduct the education on professional ethics among cadres and policemen and approach from the high plane of serving the people wholeheartedly to understand and strengthen the education. We should persist in the principle of linking the special work with the mass line as well as the principle of coming from the masses and going to the masses and have a perfect mastery of the work toward the masses so as to make the masses a firm foundation and inexhaustible forces for carrying out the public security work.

Zhang Dejiang pointed out: Handling affairs strictly according to the law is the basic requirement for political and legal departments. It is of peculiar importance to strengthen the supervision over the enforcement of laws and to strictly enforce laws. Thus, these departments should further strengthen the awareness of the legal system and the sense of laws, intensify the mechanism for supervising the enforcement of laws, and ceaselessly upgrade the law enforcement quality. Their work in various spheres should embody the spirit of strictness. So, we should apply legal means to deal strict blows to hostile elements' sabotage, resolutely check the social evil phenomena, and prevent ineffective attacks. We should apply legal means to strengthen the improvement of public order and the management of trades, to handle economic disputes, and to readjust economic relations. We should regard the enhancement of propaganda and education on the legal system as a fundamental measure for the strict enforcement of laws. Party and government leading cadres at various levels, all communist party members, and all cadres and policemen should be the first to study and abide by laws and to handle affairs according to the laws. We should strengthen the propaganda on the legal system and form a social atmosphere of strictly enforcing laws and handling affairs strictly according to the laws.

Comrade Zhang Dejiang urged: The public security work should be placed under the absolute leadership of the party. Top leaders of the party committees and governments at various levels must personally take up this work and solve some major problems. Party committees at various levels should guide and supervise political and legal departments to implement the party's line, principles, and policies; and consciously

maintain a high degree of unanimity in ideology, politics, and action with the party Central Committee with Comrade Jiang Zemin as its nucleus. These departments should attend to the construction of their leading bodies and contingents, ensure that their leadership should be grasped by dependable persons and that their contingents should be faithful, dependable, well-trained,

professionally competent, and strictly disciplined; have tough work styles; and justly enforce laws. We should strengthen the construction of political and legal committees at various levels and bring their functions into full play. We should mobilize and organize all social fronts to be concerned with and support the public security work and ensure the strict management of as well as the preferential treatment to the police.

Wang Yunkun, deputy secretary of the provincial party committee and acting governor of the provincial government, urged in his speech: Comrades on political and legal fronts should comprehensively and accurately understand the economic situation. We should pay attention to economic construction and consciously serve this central link. He pointed out: We should vigorously strengthen the education on the legal system for the whole people, pay attention to upgrading the people's understanding about the legal system, and regard it as the focus of the public security work. He stressed: Safeguarding stability is not only a task for political and legal departments, but also a common task for the whole party and the whole society. We should conscientiously implement the system that leading cadres should bear the responsibility for safeguarding stability, intensify examination and supervision, and ceaselessly upgrade the leaders' awareness of safeguarding stability. We must not regard the safeguarding of stability as a matter only for political and legal departments, but should carry out the principle that whoever takes charge should assume the responsibility. All departments and units should be the first to take charge of their own stability. We should do a good job in managing ourselves and alleviating our own contradictions to eliminate unstable factors to the maximum. It is necessary to resolutely attack all serious criminal activities and to resolutely check the social evil phenomena. Otherwise, the people will not be able to live and work in peace and contentment. Now, many social contradictions exist, many of which are contradictions within the people. We will be used by evildoers if we fail to handle these contradictions. So, we must accurately handle and distinguish between the two different types of contradictions. Comrade Wang Yunkun said: We should exert efforts to upgrade the quality of security worker contingents and deeply and also persistently launch the campaign of learning from the Jilin Traffic Police Detachment so as to promote the construction of the entire contingent and a turn for the better in social order. Offering forceful material guarantees for the public security work is an important duty of party committees and governments at various levels. Thus, party committees and governments at various levels should bring the issues concerning these departments' outlay and equipment into line with their work agenda, consci-

entiously handle them, and ensure the smooth progress of the public security work.

Comrade Wang Jinshan, deputy secretary of the provincial party committee, pointed out: We convened this conference with the spirit of reform. So, it is more necessary for us to use this spirit to implement the guidelines of the conference. The people from higher levels to lower levels across the province should make concerted efforts, strengthen the grass-roots work, focus efforts on "prevention," proceed from actual conditions to grasp prominent problems, accurately select breakthrough points, and forcefully create prominent achievements. We should pay attention to grasping tactics and methods, persistently distinguish between the inside and the outside, stop creating man-made trouble, and avoid being beaten.

Comrade Zhang Yueqi, deputy secretary of the provincial party committee, said: Political and legal departments at various levels have done a lot of work to safeguard stability and made noticeable achievements. The task for safeguarding stability in the foreseeable future is very heavy. So, we should redouble our efforts to achieve the public security work.

Present at the report meeting as observers were He Zhukang, chairman of the standing committee of the provincial people's congress; Liu Yunzhao, chairman of the provincial committee of the Chinese People's Political Consultative Conference; and persons in charge of provincial-level judicial, procuratorial, and security work departments.

PRC: Public Security Minister on Expected Crime Increase

OW0602145896 Beijing ZHONGGUO XINWEN SHE in English 1231 GMT 6 Feb 96

[FBIS Transcribed Text] Beijing, February 6 (CNS) — The Public Security Minister, Tao Siju, has warned that the police force will face a stern test as the incidence of crime is expected to increase smartly in the near future.

Speaking at the opening of a four-day national seminar on public security, Tao recalled that: "During the past five years, the police had solved a total of 1.96 million serious cases. Involved were RMB [Renminbi] 24 billion in lost, 677,000 cases of prostitution and the seizure of 12,000 guns and 6.94 million rounds of ammunition."

"Unfortunately, the price we paid for this success was too great: 1,542 officers died and 40,000 more were injured."

"In the next five years, we plan to maintain law and order and to curb the spiral of criminality so as to vest

a strong confidence and sense of security in the people of China.

"However, we are aware that in some regions which transgress national and provincial borders, crime is posing a serious threat to the community. In particular, those serious and organised crime, crimes involving violence, commercial crime, drugs, prostitution, obscene

publication and computer and hi-tech crime are escalating", he said.

In conclusion, Tao urged all the nation's police to do their utmost to maintain law and order through incessant raids and stringent law enforcement.

General

PRC: Chen Jinhua Sums Up Key Projects in 8th Plan

HK0602022096 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 30 Dec 95 pp 1, 4

["Yearender" by staff reporter Xu Zhengzhong (6079 2973 0022): "Brilliant Development as Viewed From the 'Eighth Five-Year Plan' — State Planning Commission Minister Chen Jinhua on Key Construction Projects"]

[PTS Translated Text for FBIS] The five years of the Eighth Five-Year Plan saw the fastest economic growth since the founding of the People's Republic. They also produced the most brilliant achievements in the development of key projects. During this period, state-owned units invested a total of 4.04 trillion yuan in fixed assets. Of this total, investment in capital construction amounted to 2.43 trillion yuan, a 230-percent increase over the Seventh Five-Year Plan period. Over 700 medium and large projects were completed. The number of projects put into operation exceeded the number commissioned during the Seventh Five-Year Plan period by more than 100. These increased the value of fixed assets by 1.38 trillion yuan. These new achievements in capital construction are and will be instrumental to the improvement of our productivity, comprehensive national strength, and people's livelihood.

To find out more, I called on Chen Jinhua, minister of the State Planning Commission, a few days ago.

Chen Jinhua first briefed me on our country's achievements in agriculture, forestry, water conservancy, and industries that support agriculture. He said: During the Eighth Five-Year Plan period, state-owned units invested an estimated 68 billion yuan in capital construction in agriculture, forestry, animal husbandry, fishery, and water conservancy, an increase of 160 percent over the Seventh Five-Year Plan period. The state has done a lot of work in the harnessing of major rivers and lakes, the development of areas under effective irrigation, and the building of large ecological shelter-belt networks. Through the building of large shelter-belt networks, including the "three-north shelter belts" and shelter forests along the middle and lower reaches of the Yangzi River and along the coast, we have increased the percentage of forest cover to 13.9 percent from 12 percent in 1980. Investment in water conservancy over the five-year period totaled 65.1 billion yuan, 1.8 times the aggregate total of the 13 years between 1979 and 1990. Large backbone projects for flood control, irrigation, and water supply have been built. The completion of these projects, which include the Huaihe River project, the Taihu Lake project, the Dongting Lake project, Xi-

aolangdi project, the diversion of water from the Datong River to Qinwangchuan in Gansu Province, and the Wanjiashai project, has increased the country's irrigated acreage to 740 million mu, half the total acreage of arable land in China. To support the development of industries that support agriculture, the state has invested more than 16 billion yuan in the building of large chemical fertilizer plants in Inner Mongolia, Sichuan, Hubei, Shaanxi, Yunnan, and other places. By the end of this year, China's total output of chemical fertilizers will reach 22.9 million tons, second in the world.

On the development of communications, posts and telecommunications, and other infrastructure facilities, Chen Jinhua said: During the 18 years between 1978 and 1995, China invested a total of 226.1 billion yuan in the construction of railway lines. Investment during the Eighth Five-Year Plan period amounted to 143.5 billion yuan, representing 63 percent of total investment in the construction of railway lines since the commencement of reform and opening up. During the Eighth Five-Year Plan, China concentrated resources on the building of key railway network projects. These include the Beijing-Kowloon Railway, the Baoji-Zhongwei Railway, the double-tracking of the Lanzhou-Urumqi and Zhejiang-Jiangxi Railways, the Nanning-Kunming Railway, phase two of the Daqing-Qinhuangdao Railway, and the Western Rail Terminal in Beijing. Over 5,800 kilometers of new railway lines, 3,400 kilometers of double-tracked rails, and 2,600 kilometers of electrified rails have been built, the best record in China's history of railway construction. Meanwhile, construction of ports, highways, and civil aviation facilities has also been greatly accelerated. Between 1991 and 1995, about 92,000 kilometers of new highways, including 1,700 kilometers of expressways, have been opened to traffic; 100 deep-water berths have been completed and put into operation; the capacity of ports has been increased by about 138 million tons; and 49 medium and large airports have been completed.

Investment in posts and telecommunications over the past five years totaled more than 74 billion yuan. This amount not only exceeds the Seventh Five-Year Plan figure, but exceeds the aggregate total of the 13 years between 1978 and 1990 by 59.2 billion yuan. An additional 49,900 kilometers of optical cables and 20,000 kilometers of digital microwave trunk lines were laid, thereby increasing the total switching capacity by 58 million lines. A modern national telecommunications network of diverse means of communications, with Beijing as the center and public communications network as the main body, and supplemented by special communications networks, has been basically completed.

On the rapid development of the power industry, Chen Jinhua said: The state invested a total of 449 billion yuan in the power industry between 1978 and 1995. Over 60 percent of this amount, or 279 billion yuan, was invested during the Eighth Five-Year Plan. Three breakthroughs were achieved in the power industry during these five years: First, by the end of 1995 we will have set a new record for putting into operation on a yearly basis generating units with a combined capacity of 10 million kilowatts for the eighth year running. Second, the capacity of hydroelectric power generating units put into operation during the Eighth Five-Year Plan has reached a record 14.33 million kilowatts, 4.6 million kilowatts more than the total of the five years prior to these. Third, a new chapter has been opened in the development of nuclear power. The completion of the Qinshan and Daya Bay Nuclear Power Plants during the Eighth Five-Year Plan has put an end to the history of China having no nuclear power plants and represents a major breakthrough in China's nuclear power industry. The coal and petroleum industries have also witnessed steady progress during the Eighth Five-Year Plan. Investment in the coal industry during those five years amounted to 72.6 billion yuan. This is expected to increase coal production by 98.18 million tons. During the Eighth Five-Year Plan, the capacity of crude oil extracting has increased by 54.08 million tons, 14.06 million tons more than during the Seventh Five-Year Plan.

The state also increased investment in machine-building, electronics, automobiles, petrochemical, and other key industries during the Eighth Five-Year Plan. During these five years, state-owned units invested more than 170 billion yuan in fixed assets in these industries, which was more than double the amount invested during the Seventh Five-Year Plan. At the end of last year, China's output of automobiles reached 1.4 million units and ethylene output reached 2.19 million tons. The output of integrated circuits is expected to reach 400 million chips by the end of this year.

On the characteristics of capital construction during the Eighth Five-Year Plan, Chen Jinhua said: Bringing the market mechanism into play was the keynote of construction during the Eighth Five-Year Plan. First, in planned management, we have thoroughly changed the highly centralized mode of mandatory planned management and made greater use economic and legal means. This has greatly increased the degree of marketization. At present, mandatory planned targets subject to the direct management of the State Planning Commission only make up 4 percent of the total. This figure is much lower than that in some market economies. Second, under the guidance of state industrial policies, we have

accelerated the pace of structural readjustment, implemented a policy of giving preferential treatment in investment to selected industries, and increased investment in basic and key industries. Special support is given to key projects with a vital bearing on the national economy and the people's livelihood, and special construction funds have been established to support the development of basic industries. At the same time, useful explorations have been carried out and satisfactory results have been achieved by relying on scientific and technological advances and promoting the rational distribution and harmonious development of regional economies.

Chen Jinhua expressed great confidence in the Ninth Five-Year Plan. He said: The Ninth Five-Year Plan will see five even more brilliant years. In capital construction, we will concentrate on deepening reform of the investment system, accelerating the establishment and perfection of the mechanism of constraint on investment risks, strengthening and improving macro-control of investment in fixed assets, and improving the conditions of agricultural production. At the same time, we will accelerate the development of basic industries, infrastructure facilities, and key industries, further readjust and optimize the industrial structure, and increase the proportion of investment in technological transformation. He said: Our country has laid a fairly solid material and technical foundation. Our management level is steadily improving in economic construction, and our reforms are deepening. We have reason to believe that we will be able to create even more brilliant achievements during the Ninth Five-Year Plan to greet the advent of the 21st century.

PRC: Internal Trade Minister Views Domestic Market

HK0602025896 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 28 Dec 95 p 1

["Yearend Special Article" by staff reporter Luo Lan (5012 5695): "Prospering Market Benefits the People—Interviewing Internal Trade Minister Chen Bangzhu"]

[PTS Translated Text for FBIS] Since reform and opening up, China's domestic market has become prosperous and brisk with each passing day thanks to fast-paced economic growth, with the result that living standards have increased by a large margin. With this topic in mind, this reporter recently interviewed Internal Trade Minister Chen Bangzhu.

"China's consumer market is a market of great potential that has displayed the following characteristics," Minister Chen said candidly, offering a straightforward reply to a question of concern to readers at home and abroad.

First, people's income has grown every year, thereby enhancing purchasing power throughout society year in and year out. Insofar as income is concerned, in the 1990-1994 period, urban residents' per-capita subsistence income went up by 23 percent and peasants' per-capita income by 15 percent on average each year. Insofar as savings deposits are concerned, by the end of 1994, urban and rural residents' savings deposits balance and the per-capita savings deposit balance had gone up by 310 percent and 290 percent respectively over the end of 1990. In the 1990-1994 period, the annual consumption rate increased on average 9 percent each every year, representing a relatively high growth rate. In the 1990-1994 period, GNP grew 9.5 percent and consumer goods retail volume grew 9.1 percent on average every year. The total social consumer goods retail volume stood at 1.6053 trillion yuan in 1994 and is expected to reach 2.05 trillion yuan in 1995.

Second, the Chinese economy is undergoing a transformation from a livelihood based on enough food to eat and enough clothes to wear to a comparatively well-off livelihood, with the result that consumption has become more varied, individualized, and higher-quality. The 1990s are a transitional period in which China's citizens shift their overall consumption pattern from one based on "enough food to eat and enough clothes to wear" to one based on a "comparatively well-off livelihood." Commodity consumption has already grown beyond traditional consumption patterns and standards and shifted from watches, sewing machines, and bicycles to televisions, washing machines, refrigerators, telephones, computers, and automobiles.

Third, total supply and demand of over 90 percent of the country's commodities have now been placed under market regulation and control while prices of over 90 percent of the country's commodities are now determined by market mechanisms.

Fourth, total supply and demand of commodities are now subject to buyers' markets, not sellers' markets. Over the past two years, supply of over 90 percent of the country's commodities has outstripped demand or basically equalled demand, whereas supply of about 10 percent of the country's commodities has fallen short of demand. Minister Chen expressed the hope that all readers will pay attention to fundamental changes concerning the country's commodity circulation and market patterns.

Since consumers are most concerned with "what to eat, wear, and use," this reporter invited Minister Chen to talk about this year's developments in this connection.

Minister Chen said: The country's national economy has been gradually placed under macroeconomic regulation

and control this year. As a result, the commodity market has developed with relatively sound momentum. As far as grain is concerned, thanks to production development, total grain output has increased 8-9 billion kilograms. Since total social grain resources this year are richer than last year, China has maintained a basic balance between grain supply and demand. This year, the live pig market witnessed fluctuations for a time. However, thanks to a series of effective measures, live pig production and sales have improved and the live pig market has remained stable, giving rise to a basic balance between supply and demand of live pigs. As far as vegetables are concerned, all localities have this year conscientiously instituted a mayor responsibility system geared to the "vegetable basket," with the result that the country's vegetable production has grown steadily and the market supply of vegetables has remained good.

To ensure steady and sufficient market supply during the holiday season in the run-up to the New Year's Day and the Lunar New Year Festival, the Internal Trade Ministry recently issued a circular to circulation departments across the country, urging them to make efforts to ensure a sufficient and uninterrupted market supply of grain, edible oil, vegetables, meat, poultry, eggs, and other types of major non-staple food; make a success of the purchase, allocation, transportation, and processing of commodities for the festival season; organize and guarantee sufficient commodity sources; increase market supply of all types of commodities; and strive to meet people's festival needs. The circular called on all areas to keep close watch over and monitor changes concerning supply, demand, and prices on the consumer market and place commodities prices under proper control by virtue of local reserves, risk funds, and other regulation and control means. To this end, the state-owned circulation enterprises should take the lead in implementing state pricing policies and never try to raise prices without authorization.

Speaking of measures to be adopted in the Ninth Five-Year Plan period to improve people's livelihood, Minister Chen stressed: The Ninth Five-Year Plan period is a crucial period for the country's economic and social development. China will strive to attain two goals in the run-up to 2000: 1) raise the total retail volume of consumer goods to 4.2 trillion yuan at an average annual rate of 16.5 percent; and 2) raise total sales of social production means to 4.5 trillion yuan at an average annual rate of 12 percent. To attain these two goals, China will mainly adopt the following four measures: 1) keep a firm grip on five major products, namely, grain, edible oil, meat, vegetables, and sugar; stabilize markets and prices; strike a balance between total supply and demand of steel products, coal products, nonfer-

rous metals, timber, cement, automobiles, and heavy oil; and establish a basic and effective macroeconomic commodity circulation regulation and control system; 2) establish circulation systems for four major commodities, namely, "vegetable basket" commodities, grain and edible oil commodities, manufactured goods for daily use, and production means commodities by enabling publicly owned circulation enterprises to play a leading role and individual and private economic sectors to play a supplementary role; integrate production, circulation, and consumption into an organic whole; and bring about a benign circle of national economic growth; 3) energetically popularize chain operations and an agent system and ensure "two-track" operation on the part of grain enterprises; and 4) continually open up the circulation domain; make a success of experiments in trial-establishing Sino-foreign joint venture and cooperative commercial retail enterprises in six cities and five special economic zones; popularize similar experiments in other parts of the country on the basis of summing up relevant experiences; and trial-establish Sino-foreign joint venture and cooperative wholesale enterprises.

**PRC: Property Rights Registration Procedures
Issued**

OW0202143996 Beijing XINHUA Domestic Service
in Chinese 1259 GMT 31 Jan 96

[FBIS Translated Text] Beijing, 31 Jan (XINHUA) —
Procedures for the Registration and Management of
State Asset Property Rights of Enterprises

Article 1. These procedures have been formulated to strengthen the registration and management of state asset property rights of enterprises, perfect the basic management system of state assets, and prevent the loss of state assets.

Article 2. The registration of state asset property rights of enterprises mentioned in this procedures (hereafter called property rights registration) means acts by the state asset management departments, on behalf of the government, of registering assets, debts, rights and interests of owners, and other property rights situations, and of confirming, according to law, ownership of property rights of various kinds of enterprises that possess state assets.

Article 3. State-owned enterprises, state-owned sole-proprietorship companies, units holding state share rights, and enterprises possessing state assets in other forms (hereafter called enterprises) shall go through the formalities of property rights registration in accordance with the provisions of these procedures.

Article 4. Enterprises whose ownership of property rights are not clear or that have disputes over property

rights may apply for temporarily delaying the registration of property rights.

Enterprises approved for temporarily delaying the registration of property rights shall have their property rights clearly defined and their property right disputes settled within given time limits and shall go through formalities of property rights registration in time.

Article 5. State asset management departments of people's governments above the county levels shall handle property rights registration according to ownership of property rights.

In accordance with the needs of work, state asset management departments may entrust government departments concerned or organizations with handling property rights registration according to ownership of property rights.

Article 6. Property rights registration includes the registration of possessing property rights, registration of changing property rights, and registration of canceling property rights.

Article 7. The contents of the registration of possessing property rights are mainly:

1. The name, address, amount of investments, and legal representative of the promoter;
2. The name, address, and legal representative of the enterprise;
3. The assets, debts, and rights and interests of the owner of the enterprise;
4. The paid-up capital and state capital of the enterprise;
5. The investment of the enterprise; and
6. Other items stipulated by the State Council's state asset management department.

The state asset property rights registration forms issued to enterprises by state asset management departments are credit-standing documents and documentary evidence of enterprises.

Article 8. An enterprise shall go through formalities for the registration of changing property rights within 30 days following any of the changes below:

1. A change in the name, address, or legal representative of the enterprise;
2. A change in the percentage between the state capital and the paid-up capital of the enterprise;
3. The branching or merging, or a change in the form of operation of the enterprise; and

4. Other changes stipulated by State Council's state asset management department.

Article 9. An enterprise shall go through formalities for canceling the registration of property rights within 30 days following one of the circumstances below:

1. When an enterprise is dissolved and shut down, or is declared bankrupt according to the law;
2. When an enterprise transfers all its property rights to others, or when it is transferred to others; or
3. When an enterprise is under other circumstances regulated by the state asset management departments of the State Council.

Article 10. In applying the registration of property rights, enterprises shall complete registration forms of state assets property rights, and submit relevant documents, certificates, statements, and reports. When the contents of completed registration forms and documents, certificates, statements and reports submitted are inconsistent with the regulations, the state asset management departments have the authority to demand correction from enterprises.

Article 11. An annual inspection system shall be implemented in the registration of property rights.

Enterprises shall complete the annual inspection and registration of property rights within 90 days after the end of a year, and shall submit to the state assets management department a fiscal report and annual report on the operation of state assets, which shall contain the following main points:

1. The actual availability of capital by investors;
2. Changes in the structure of state assets of an enterprise, including the enterprise's investment abroad;
3. Increases or decreases in state assets; and
4. Other matters regulated by the State Council's state assets management department.

Article 12. Registration forms of state asset property rights shall be printed uniformly by the State Council's state asset management department.

No unit or individual shall be allowed to forge, alter, sell, or lease registration forms of state asset property rights.

In the event of loss or damage of a registration form of state asset property rights, it is necessary to apply for a new one according to the regulations.

Article 13. State asset management departments shall set up a sound registration and archive system of property

rights, and periodically analyze and report the conditions of state asset property rights.

Article 14. When an enterprise commits one of the following acts in violation of these procedures, the state assets management department shall demand correction by the enterprise and criticize it in a circular, and may impose a fine of no more than 100,000 yuan and request the relevant government department to give disciplinary sanctions to enterprise leaders and personnel directly responsible for the acts of:

1. Failing to complete property rights registration within the prescribed time;
2. Concealing the truth while applying for property rights registration;
3. Failing to complete annual inspection and registration of property rights according to the procedures; or
4. Forging, altering, selling, or leasing registration forms of state asset property rights.

Article 15. Functionaries of state asset management departments committing dereliction of duty, bending the law to benefit relatives and friends, abusing power, and seeking personal gains, which constitutes a crime, shall be affixed with criminal responsibilities; or shall be given disciplinary sanctions when such act does not constitute a crime.

Article 16. The procedures governing the registration of state asset property rights of Army-run enterprises shall be drawn up by the Chinese People's Liberation Army General Logistics Department together with the State Council's state assets management department on the basis of these procedures.

Article 17. These procedures shall become effective upon promulgation. The "trial procedures for registering state asset property rights" issued by the National Administration of State Assets, Finance Ministry, and the State Administration for Industry and Commerce on 11 May 1992 shall be abolished simultaneously.

***PRC: Overview of National Economy by Senior Economist**

96CE0060A Hong Kong CHING CHI TAO PAO
[ECONOMIC REPORTER] in Chinese 18 Sep 95
No 37, pp 20-24

[Article by Li Guobin (2621 0948 2430), senior economist at China National Information Center: "Regulation and Control Paying Off With Lower Inflation"]

[FBIS Translated Text] China continued to implement a full range of macroeconomic regulatory and control measures during the first half of this year. The economic

growth rate and inflation rate continued to inch closer to the targets and the gap between aggregate supply and aggregate demand narrowed. No doubt all of that will make it easier for China to realize the various projected goals and implement the Ninth Five-Year Plan successfully. However, we should also see that the drive to close the gap between aggregate supply and demand has yet to build a solid foundation. Moreover, a number of new imbalances and problems have emerged in the course of economic adjustment in the first half of the year. They must be carefully analyzed and dealt with.

I. Economic Situation in First Half of Year

The gap between aggregate supply and demand continued to narrow. The rates of economic growth and inflation continued to approach the regulatory and control targets. However, there is great unevenness in regional development and the margin of profit is shrinking.

A. Economic situation

1. The economic growth rate on the mainland eased to 10.3 percent in the second quarter and the gap between aggregate supply and demand continued to narrow. Nevertheless, a number of structural imbalances remain very serious. China's GDP totaled 2.2139 trillion yuan in the first six months, up 10.3 percent from the same period last year but off 1.3 percentage points from the growth rate recorded in the first half of 1994. During the second quarter alone, the GDP amounted to 1.23284 trillion yuan, up 9.6 percent or so from the year-ago period, but down 1.6 percentage points compared to the growth rate in the first quarter of this year. This indicates that economic growth in the second quarter was fast approaching the target set by the National People's Congress at the beginning of the year, that the expansion of aggregate demand has been further checked, and that the gap between aggregate supply and demand is gradually narrowing. The state has adjusted the prices of all major agricultural products drastically since last year, vastly improving the terms of production and trade for agricultural products and mobilizing the peasants' enthusiasm for production. Meanwhile, the policy of the central and local governments to make agricultural investment a priority paid off handsomely in the first half of this year when the summer harvests of grains and oil-bearing crops both increased significantly. Agricultural output rose 5.7 percent or so compared with the same period a year ago, 1.7 percentage points more than the increase recorded back then. At one point agricultural products were in short supply. Now that has changed for the better. In the first half of 1995, industry's added value was 856.6 billion yuan, up 14 percent from the same period a year ago, notably more

moderate than the growth rate recorded in the same period last year. Light industry expanded almost 10 percentage points faster than heavy industry and the supply of light industrial goods was plentiful.

Some structural imbalances remained severe problems in the first half of the year even as the gap between aggregate supply and demand was shrinking. The shortage of agricultural capital goods worsened, for instance, and the production costs of agricultural products skyrocketed, further exacerbating the imbalance between the prices of industrial and agricultural products. This constitutes a grave threat to stabilizing the supply of agricultural products and correcting the proportionate imbalance between agriculture and other sectors of the economy.

2. The prolonged expansion of consumption demand at home and abroad has powerfully fueled fast economic growth on mainland China. Foreign demand and domestic consumption demand continued to race ahead in the first half of the year. During the first six months, China's exports totaled \$69.79 billion, up 44.2 percent from the same period last year, of which \$13.173 billion were net exports, a gain of \$13.97 billion compared with the same period a year ago. Net exports accounted for a high 5 percent of the nation's GDP in the first half of 1995, a substantial increase both from the same period last year and from the average for all 1994. This indicates that foreign demand has become an even more powerful engine of economic growth for China. Even as foreign demand continued to surge, household consumption at home rebounded and the consumer goods market heated up gradually, thanks to the phasing-in of the five-day work week, rising incomes, and solid expectations of future incomes. Consumer goods retail sales in all society totaled 940.1 billion yuan in the first half of the year, up 30.8 percent from the same period last year, or 10.4 percent effectively, of which second-quarter retail sales accounted for 477.36 billion yuan, up a real 11.15 percent, basically the same as the rate of increase in the second quarter of 1993 before macroeconomic regulation and control was tightened.

3. Government efforts to limit the size of investments and hold the line on credit have been a striking success. In the first half of the year, fixed asset investments in all society on the mainland rose 25 percent or so from the same period last year, a smaller margin than before. Specifically, fixed asset investments by state units amounted to 376.4 billion yuan, up 22.2 percent from the same period a year ago but down 15.3 percentage points. Assorted lending by state banks increased 133.785 billion yuan in the first half of this year from the level at year end, which was 40.221 billion less than the increase recorded in the

first six months of 1994. The increase in medium- and long-term loans alone was down 40.35 billion yuan from similar lending in the same period last year. Even as the state works to strictly hold the line on total credit, it takes pains to steer funds into such basic industries as agriculture, energy, posts and telecommunications, electronics, and machinery, into the infrastructure, and into other mainstay industries. As a result, key construction was accelerated. Nevertheless, there was still a flurry of new projects launched in the first half of the year, which accounted for a disproportionate share of all projects under construction. In fact, the excess of new construction relative to construction overall remains a serious problem.

4. Inter-sector and interregional imbalances are an outstanding problem in the economy today even as economic growth decelerates. Some localities have seen the first signs of stagflation. The regional distribution of economic deceleration in the first half of the year was highly uneven. Because its heavy industry grew much more slowly in the first half of the year than previously, the northeast experienced a sharp downturn in its economy as a whole. Meanwhile, retail prices in that region surged 17.4-22.4 percent and consumer prices jumped anywhere from 20 to 25 percent. Provinces with the most difficulties include Hunan, Guizhou, Guangxi, Yunnan, Gansu, Ningxia, Shaanxi, Inner Mongolia, Liaoning, and Jilin. Heavy industry was most sensitive to the impact of the drop in the level of fixed assets lending, its output rising just 12.5 percent, down 9.3 percentage points from the growth rate in the first six months of 1994. The amount of losses sustained by state enterprises in the budget continued to rise, as did the percentage of money losing state enterprises, while the amount of profits realized plummeted. Between January and June, industrial enterprises in the budget lost a total of 24.21 billion yuan, up 7.7 percent from the same period last year, while their realized profit taxes and realized profits dropped 2.4 percent and 23.6 percent, respectively, from the same period a year ago.

B. Inflation

1. The surge in retail prices slowed appreciably but labor costs continued to climb steeply. Retail prices rose 19.9 percent and 17.2 percent in the first and second quarters, respectively, off 4.6 and 2.7 percentage points from increases in the preceding year. What is particularly worth noting is the substantial decline in the inflation rate in the second quarter versus the preceding quarter, a sign that the central government's regulatory and control measures were paying off. Consumer goods retail prices slipped 1.2 percent in June compared with May, or 0.6 percent after adjustment is made for seasonal factors. The inflationary surge has been arrested. However,

we must also realize that retail prices continued to accelerate. The consumer price index, a broad gauge of commodity prices and labor costs in all society, jumped 21.1 percent in the first six months, which suggests that the level of service charges continued to rise rapidly.

2. The prices of agricultural capital goods surged an unstoppable 30 percent and more. The downturn in inflation does not rest on a solid foundation. Between January and June this year the prices of agricultural capital goods rose 28.5 percent, 30.6 percent, 31.9 percent, 31.8 percent, 30.6 percent, and 29.5 percent each month compared with the year-ago period, for a total average of 30.5 percent. If we compare the prices in each of the six months with those in the month before, the increases were 3.1 percent, 2.1 percent, 5.2 percent, 2.5 percent, 1.3 percent, and 1.8 percent, respectively, resulting in 17.1 percentage points of new inflation in the first half of this year. That the prices of agricultural capital goods have been soaring month after month since January 1994 shows that the increase in their output badly lags the explosion of demand. The consequences of the skyrocketing prices of agricultural capital goods are all too clear. On the one hand, they will directly boost the production costs of agricultural goods, making it that much more difficult to lower the prices of new grains, new cooking oils, and new cotton that come on the market. On the other hand, they will directly and indirectly jack up the production costs of related industrial goods, forcing households to increase their living expenses and driving up the wage and price levels. Such being the case, the decline in inflation in China today still rests on a shaky foundation. If things continue as they are, it will become harder to implement the Ninth Five-Year Plan during its first years.

C. Labor market situation

1. The unemployment rate fell amid positive changes in the employment structure. The labor force in public enterprises, including urban state enterprises and collective enterprises, stood at 142.951 million at the end of June, 1.109 million fewer than in the same period last year. Meanwhile, the labor force in enterprises under other ownerships systems totaled 23.3 million, up 3.4 million from the same period a year ago. Specifically, urban individual and private enterprises accounted for 16 million of these workers, an increase of 2.6 million from the same period in 1994. Nonstate enterprises hired 14 percent of the labor force in the first six months of this year, up 1.7 percentage points compared with the year ago period. Specifically, urban individual and private enterprises accounted for 9.62 percent, 1.34 percentage points higher than their share in June-June 1994. Non-public enterprises, particularly urban individual and private enterprises, have played a pivotal role in creating

new job opportunities. In the first half of this year alone, the net increase in the number of new urban job opportunities was 2.291 million. At 2.8 percent, the urban unemployment rate was down 0.1 and 0.2 percentage points from the rates for all of last year and the first half of 1994, respectively. The decline in unemployment in the first half of this year was mainly caused by: 1) New job opportunities resulting from the introduction of the five-day work week more than offset the loss of jobs due to a slowing economy; and 2) the non-public economy continued to expand by leaps and bounds, absorbing not only the bulk of new entrants into the labor force but also those workers displaced by some public enterprises.

Among state units, there was a positive change in the distribution of workers among the various sectors, namely that the number of workers in the primary and secondary industries declined while that in the tertiary sector increased. As far as state economic units are concerned, the primary industry employed 6.38 million people at the end of June, down 312,000 from the same period last year; the secondary industry employed 49.403 million people, down 1.509 million; and the tertiary sector accounted for 51.808 million people, up 744,000. The distribution of jobs in state enterprises among the various industries was 5.9:45.9:48.2 in the first half of 1995; it was 6.2:46.8:47 a year ago.

2. The rise in real unit labor costs was smaller than the real gain in labor productivity, which should help our war on inflation. Total wages on the mainland amounted to 337.4 billion yuan in the first half of the year, an increase of 28.3 percent from the year-ago period. The average wage of urban workers was 2,293 yuan, up 28.6 percent from the same period a year ago, the real gain being 6.2 percent. During the first half of the year, cash spending by banks to make wage payments rose 24 percent compared with the first half of 1994, but the real increase rate was just 2.4 percent. The margin of increase in real unit output wage spending was even smaller. In contrast, labor productivity chalked up a real gain of 8.8 percent during the same period. This bodes well for the effort by enterprises to create new job opportunities and the anti-inflation drive.

D. Banking and the Fiscal Situation

1. The growth of the money supply, however defined, moderated notably in the second quarter of this year. Nevertheless, M2 continued to expand strongly, resisting any effort to slow it down. At the end of the second quarter, M1 and M0 were up 21.2 percent and 21.1 percent, respectively, compared with the year-ago period. These rates were unexpectedly good as they were 6.7 and 3.3 percentage points smaller than the increases at

the end of the first quarter. The amount of net cash withdrawn from circulation in the first half of the year was 28.46 billion yuan, 20.14 billion more than the same period last year and more than any other period in history. This is why: 1) With the market booming, banks were able to increase their earnings from cash sales; 2) banks also had a net increase in their revenue from savings accounts; 3) spending on wage payments increased at a slower pace. Even more important, current deposits at the end of the second quarter rose a mere 21.2 percent from the same period a year ago, which was down 8.6 percentage points from the increase rate in the first quarter. This shows that the public is now vastly more confident as far as inflation is concerned. Despite the 3.1 percentage point dip in the growth rate of the money supply broadly defined, or M2, at the end of the previous quarter, it still expanded a whopping 32.8 percent. In particular, the quasi-money supply still surged 41.9 percent at the end of the second quarter from the level a year ago, a mere 0.4 percentage point slip from the increase rate at the end of the first quarter. What this means is that it is still an uphill battle to trim the money supply broadly defined.

2. Among the various factors responsible for expanding the money supply, top honors must go to the amount of funds in foreign exchange. The runaway inflation of 1985 was primarily the result of the financial deficits of 1984 and 1985, 66.625 billion yuan and 107.805 billion yuan, respectively. In 1987 and 1988, the financial deficits surged to 60.878 billion yuan and 177.816 billion yuan, respectively, and the upshot once more was high inflation, 18.5 percent in 1988 and 17.8 percent in 1989. Since the financial deficit again shot up in 1991-1993, inflation rose 5.4 percent and 13.2 percent in 1992 and 1993, respectively, up from 2.9 percent in 1991. Although the financial deficit shrank sharply to 75.494 billion yuan in 1994 in response to a tight monetary policy, the amount of funds in foreign exchange exploded that year, rising a whopping 310.469 billion yuan. In the same year inflation broke through the 20 percent mark for the first time. During the first half of 1995, the financial deficit continued to be brought under control, amounting to 182.662 billion yuan, and the increase in funds in foreign exchange fell from 310.469 billion yuan last year to 92.102 billion yuan, in the process becoming less of an inflationary factor. Be that as it may, it still tends to drive up the money supply more than anything else.

3. The money circulation rate based on M2 has now dropped below 1. The funds utilization rate has fallen sharply. The money supply broadly defined in circulation on the mainland hit 5.31505 trillion yuan at the end of June. In contrast, the mainland's GDP during the sec-

ond half of last year and the first half of this year was 4.934 trillion yuan, so the rate of circulation was a mere 0.928 at the end of June, even smaller than the 0.942 reported at the end of last year.

4. Interest rates in China do not reflect the supply-demand relationship of funds, which has profound implications. For historical reasons and because of the snail-like pace of state enterprise reform and other complex factors, funds, the most precious of all resources, have long proved resistant to any effort to have the market set their prices. Bank funds are lent to state enterprises in large quantities at low interest rates even as other enterprises are forced to raise funds through other channels, typically paying much higher interest rates. In effect what we have is a dual track system as far as funds are concerned, the effects of which are mainly felt in the following areas. First, statutory interest rates are lower than the rates at which a real balance can be achieved on the market. The inevitable upshot is that the demand for funds exceeds their supply and the authorities are constantly under enormous pressure to pump more money into circulation. Second, when large sums of money are lent to inefficient enterprises at interest rates much lower than the market rates, instead of being spent on enterprises with the highest marginal capital to output ratios, funds are necessarily wasted or not utilized in an efficient manner, with serious consequences for the quality of the financial assets of mainland banks. Third, when enterprises with high marginal capital to output ratios take out loans, they frequently have to pay interest at a rate higher than what it would take to balance the supply of funds with its demand on the market. In effect we are penalizing the good performers and rewarding the laggards, which will inevitably increase production costs for the most dynamic enterprises, which, in turn, will militate against the adjustment of the economic structure.

5. Government revenue increased briskly in the first half of the year while the deficit shrank. However, one cannot feel optimistic about the fiscal situation in the balance of the year. Government revenue on the mainland rose 26.9 percent in the first half of the year compared with the same period last year. Revenue generated by the various principal taxes all rose rapidly: industry and commerce taxes, up 24.3 percent, and the enterprise income tax, up 46.7 percent. Another reason behind the rise in revenue during the first half of the year was the drop in export drawbacks in June as a result of which revenue for that month shot up 62.8 percent. Between January and June, government expenditures rose 27.4 percent, resulting in a deficit of 123 million yuan, which was 560 million less than the same period last year. However, over 70 billion yuan in principal and

interest payments on the national debt will be due in the second half of the year, and other expenditures are set to remain at high levels. Overall, therefore, one cannot be optimistic about the fiscal situation for the year as a whole.

II. Economic Forecasting for Third, Fourth Quarters

Industry will continue to expand at a proper pace, the banking scene will continue to improve, foreign trade will break the \$300 billion barrier for the first time, and both GDP and the retail price index will meet the regulatory and control targets set.

A. Industrial Output. Now that interest rates on working fund loans and fixed asset loans were raised on 1 July 1995, industrial production will increase at a more leisurely pace in the third quarter before rebounding in the fourth. The reason is that the latest round of interest rate adjustments was mainly intended to prevent enterprises from taking out working fund loans and then using them as fixed assets investment. The government will not clamp down too hard on the size of working fund loans in the second half of the year if only to stave off a possible decline in output, which will mean falling government revenue and rising unemployment, to the detriment of stability. With interest rates on working fund loans now up, it must be pointed out, enterprises would have to grapple with higher production costs in the future, which may push up the domestic price level in the short haul. We still expect the gross value of industrial output to reach 16.5 percent and 16.9 percent in the third and fourth quarters, respectively. The output of light industry will continue to increase briskly, rising 20.2 percent and 22.4 percent in the third and fourth quarters, respectively. State industry is projected to grow 7.8 percent and 8.2 percent in the two quarters, respectively, and collective industry, 21.1 percent and 22.5 percent. For all 1995 the GDP is projected to increase 10.4 percent or so.

B. Financial Situation. The overall financial situation should continue to look good in the next two quarters. For one thing, state banks will continue to take in more deposits than what they lend in loans. Deposits at state banks are projected to total 3.660626 trillion yuan and 3.806427 trillion yuan at the end of the third and fourth quarters, respectively, up 31.22 percent and 29.66 percent from the corresponding periods a year ago. Total lending is expected to be 3.425456 trillion yuan in the third quarter and 3.674529 trillion yuan in the fourth, up 15.89 percent and 16.27 percent from the same periods last year, respectively. Considering that the inflation rate may drop sharply in the third quarter, the government may ease controls on working funds loans toward the end of that quarter and the

fourth quarter. During the fourth quarter, therefore, the excess of deposits over lending may well diminish. Second, given the ample supply of funds at the moment, less money will be put into circulation in the second half of the year. Projections put M0 at 769.52 billion yuan and 871.86 billion yuan at the end of the third and fourth quarters, respectively. For the year as a whole, the amount of net cash put into circulation will be 143 billion yuan, within the target set at the beginning of the year. Third, savings deposits by urban and rural households will continue to grow swiftly, reaching 1.99492 trillion yuan and 2.09619 trillion yuan by the end of the third and fourth quarters, respectively, up 35.64 percent and 32.3 percent, respectively, from the period a year ago. Specifically, savings by peasant households will be 590.72 billion yuan and 629.063 billion yuan, up 30.17 percent and 30.62 percent, respectively, from the corresponding periods last year. At the end of 1995, urban and rural household savings deposits will be 654.5 billion yuan more than that a year ago, exceeding the gain in 1994 by 64.83 billion yuan. Fourth, wage payments by state banks and other expenditures targeting the individual will grow at a much slower rate because of last year's high base figures and other reasons. They are projected to climb 11.09 percent and 16.01 percent in the third and fourth quarters, respectively.

C. Foreign trade. Exports will continue to grow briskly in the second half of the year, albeit at a more moderate pace. More robust growth is predicted for imports, which are expected to rise sharply. Although the trade

surplus shrank a little in the first half of 1995, it is still considerable and is projected to approach \$23 billion for all 1995. Mainland exports are projected to total \$40.617 billion for the third quarter and \$52.83 billion for the fourth, with total trade hitting the \$300 billion mark, up 30.8 percent and 27 percent, respectively, from the corresponding periods a year ago. The latter two percentages represent a retreat from last year's growth during the same period. One reason is that export enterprises have had to grapple with rapidly rising wages and domestic prices since last year, which has had a dampening effect on the competitiveness of export commodities. Furthermore, the introduction of the export drawback control system and the new policy that took effect on 1 July of lowering the export drawback rate will also erode enterprise profits, making them less enthusiastic as exporters. The appreciation of the renminbi and rising domestic prices should make imports more competitive in the second half of the year. Imports are projected to reach \$35.324 billion in the third quarter and \$48.33 billion in the fourth, up 22.3 percent and 28.4 percent from the corresponding periods last year, both impressive increases. China will run a trade surplus of \$5.293 billion in the third quarter and \$4.5 billion in the fourth. Exports and imports are projected to total \$163.234 billion and \$140.268 billion, respectively, for the entire year, up 35 percent and 21 percent from 1994. China is expected to end the year with a trade surplus of \$22.956 billion on total trade of \$303.5 billion, the first time its foreign trade has broken the \$300 billion barrier.

Table 1. Forecasting the National Economy, Third and Fourth Quarters 1995

Indicator	Unit	Second Quarter		Third Quarter		Fourth Quarter	
		Actual amount	Growth rate	Projection	Growth rate	Projection	Growth rate
Gross value of industrial output	billion yuan						
1165.33	16.77						
1109.167	16.5	1265.09	16.9				
Light industry	billion yuan	522.12	21.80	504.82	20.20	583.256	22.40
Heavy industry	billion yuan	643.21	12.98	604.347	12.50	681.774	13.00
State industry	billion yuan	510.94	7.93	538.883	7.8	545.183	8.20
Collective industry	billion yuan	414.18	22.11	408.791	21.10	461.683	22.50

		Second Quarter		Third Quarter		Fourth Quarter	
		149.90	17.28	169.106	10.11	371.303	22.30
Capital construction investment in sector owned by the whole people	billion yuan						
Technological transformation investment in sector owned by the whole people	billion yuan	59.840	11.14	73.697	13.75	192.196	29.65
Consumer goods retail sales	billion yuan	477.36	30.24	497.658	26.50	611.493	24.00
Wage spending	billion yuan	296.736	18.77	320.921	11.09	365.906	16.01
Money in circulation	billion yuan	700.394	21.14	769.52	20.02	871.86	19.62
Total bank loans	billion yuan	3297.701	16.93	3425.456	15.89	3674.529	16.27
Total bank deposits	billion yuan	3452.145	33.69	3660.626	31.22	3806.427	29.66
Urban savings deposits	billion yuan	1877.807	40.16	1994.919	35.64	2096.189	32.30
Peasant households' savings deposits	billion yuan	564.052	31.27	590.718	30.17	629.063	30.62
Total exports (customs)	billion dollars	38.833	32.58	40.617	30.80	52.83	27.00
Total imports (customs)	billion dollars	32.744	13.69	35.324	22.32	48.33	28.40
General retail commodity price index	%	-	17.18	-	13.30	-	10.50

Note: Output values are in 1990 constant prices.

D. Inflation. Inflation in China is poised to decelerate considerably for a prolonged period, with the rise in retail prices easing to 13.3 percent and 10.5 percent or so in the third and fourth quarters, which would yield an annual increase rate of 14.9 percent, in line with the regulatory and control target set at the beginning of the year. These are the main reasons: 1) High base figures for the corresponding periods last year; 2) the various regulatory and control measures in place since the third quarter of 1994 have begun to pay off; and 3) China harvested a bumper summer crop and the acreage under autumn sowing has gone up. Output for all major crops is expected to rise appreciably this year. The fact of

the matter is that the inflationary momentum has been rolled back in the first half of the year. Between January and July new inflation at the retail price level was less than 4 percent and we should be able to contain it at that level through the balance of the year. On the other hand, all-society commodity and labor prices will continue to climb at a fairly rapid rate, with the consumer price index rising about 17.6 percent for all 1995, of which 14 percent or so is projected to occur in the second half of the year. It will be some time before inflation is brought fully under control.

***PRC: Economists Assess Henan Industrial 'Hot Spot'**

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[Article by Fan Gang (2868 4854), Wei Jie (7614 2638), Zhong Pengrong (6988 2590 2837), and Liu Wei (0491 0251): "China: Westward Shift of Economic Hot Spots. Four Economists Discuss the Jiyuan Phenomenon"]

[FBIS Translated Text] **Editor's Note:** Fan Gang (2868 4854), Wei Jie (7614 2638), Zhong Pengrong (6988 2590 2837), and Liu Wei (0491 0251) are four young economists who have achieved outstanding acclaim, and who have had substantial influence in Chinese economic circles since the advent of reform and opening to the outside world. The news media and academicians in both China and abroad have dubbed them the four small dragons among China's economists. Beijing economists and newsmen jocularly term them "the capital city's four youngsters." Today, the "four youngsters" gather on the pages of this newspaper to examine the westward shift of economic hot spots, and the Jiyuan phenomenon.

In recent years, the economic gap between the country's eastern coastal region and the western and central regions has limited further rise in the national economy. Consequently, the CPC Committee has particularly emphasized the need to speed up development of the central and western regions. During the past several years, large national projects, including the Huang He Xiaolangdi water conservation hub, the Bibei Power Plant, and a large chemical fiber project have located simultaneously in Jiyuan City, a city in Henan Province having county status, making a dynamic investment of nearly 100 billion yuan. This city offers a superb geographic location, is served by railroads and highways, and a large airport will soon open. Once the Xiaolangdi Dam is built, direct navigation to the Three Gorges will be possible. Recently this city became Henan's only entrant into the ranks of the country's hundred strong counties in terms of fiscal revenues.

I. Fan Gang: Hot Spot Formation Requires Both Hardware and Software.

Fan Gang was born in Beijing in 1953. He is a doctor of economics, a research fellow and deputy director in the Institute of Economics of the Chinese Academy of Social Sciences, a professor in the Graduate School of the Chinese Academy of Sciences, a doctoral student advisor, and a young national level expert who has made outstanding contributions. In 1991, he was awarded the Sun Yefang [1327 0396 2455] outstanding economic thesis award. He serves as economic advisor to international organizations, including the World Bank.

Jiyuan City in Henan Province may be said to have in abundance everything it needs including location, resources, transportation and communications, urban infrastructure, an industrial base, and investment. However, whether an area can become an economic hot spot, and whether it can avoid blowing alternately hot and cold once it becomes an economic hot spot, continue to be hot, attract more investment, and realize an even greater takeoff depends more on its "software," or intangible conditions. Obtaining the intangible conditions requires further intensification of reform, changes in government functions, improvement of efficiency, fewer levels of bureaucracy, and less corruption; it calls for further emancipation of thinking, and the drawing up and implementation of policies suited to development that are consistent with realities. Of crucial importance is local government awareness of opportunities, farsightedness, and outstanding ideas to link future expectations with realistic actions. The key to providing intangible conditions lies in the building of new systems.

Some actions that the Jiyuan City CPC Committee and municipal government have taken recently show, in a preliminary way, that Jiyuan's building of intangibles is very effective. Since 1990, Jiyuan has invested 570 million yuan in urban infrastructure, thereby expanding the Jiyuan urban area, which currently has a population of only slightly more than 100,000, into an embryonic medium size, modern industrial city in preparation for future population increase. Mindful of the role of education in economic development, priority has been given to the development of education. During the past five years, 220 million yuan has been invested in education. This is 1.5 times the total investment in education during the forty years since the founding of the people's republic. The city has established scientific research and friendly relations with more than 260 university research units, including Nanjing College of Science and Engineering, and the China Science Academy. They provide scientific research services for Jiyuan, and they have developed and trained a large number of high technology talent and high quality workers. In 1990, Jiyuan inaugurated a series of preferential policies for development of an externally oriented economy, running various kinds of activities in Beijing, Zhengzhou, and Hong Kong to expand the city's name recognition and attract investment. It has sent people to southeast Asia, Europe, and North America to attract firms with notable success. In 1994, Jiyuan's three kinds of partially or wholly foreign-owned enterprises already numbered 64, bringing in a foreign investment of \$40.29 million. For an inland Chinese county-level city to achieve so well is wonderful.

Nevertheless, summarization of the lessons of experience in the development of economic hot spot areas in

China since reform shows that for Jiyuan to make full use of its potential for becoming an economic hot spot, and to maintain its hotness, it will have to focus on key areas and basics to improve the intangible environment. By this is meant, demolishing traditional development systems and models, and building new development systems and models. Formerly the government's approach to the development of every area was, "I want to do this, or I want to do that," the government doing everything. However, the new development model has also been demonstrated by numerous events in both China and abroad to be an effective and healthy model. It is the so-called "government erects the stage and the people play on it." Government provides only "public goods" or "public services," playing a guiding and planning role, the main infrastructure, community development, macroeconomic regulation and control, environmental protection, and a regional layout. The main performers must be enterprises themselves. They must be the ones who attract investment and business.

Jiyuan City's opportunities and numerous outstanding conditions provide a very fine basis for attracting investment. The next step that Jiyuan must take is to concentrate financial resources on the existing foundation to do a good job of building infrastructure. It must also draw up policies for active development of the nonstate owned economy to bring about a gradual increase in the percentage that the nonstate owned economy contributes to GNP. It must also change its investment ideas. Jiyuan City has already entered the ranks of the 100 strong county-level jurisdictions in the country in terms of fiscal revenues, making it the richest city in Henan. However, since China's macroeconomic environment ensures that the more economically developed a area, the less money it has, Jiyuan must avoid at all costs thinking that it can do everything, closing its economy to others. Instead, it must welcome and encourage investors from other provinces, cities, prefectures, and counties to invest in Jiyuan, even for some extremely basic things. Then it will be able to use its own money where it will do the most good to obtain greatest leverage.

II. Wei Jie: Jiyuan, a Hot Spot of Significance for the Whole Country

Wei Jie was born in Chang'an County, Shaanxi Province in 1952. He holds both a masters degree and a doctors degree in economics. He is currently a professor at Chinese People's University, director of the economics department, a doctoral student advisor, and a national level young expert who has made special contributions. He is concurrently the deputy director of the Chinese

State-owned Assets Management Association, and director of the Chinese System Reform Institute.

With the gradual movement westward of Chinese industry, this is a crucial period when the central and western regions need economic hot spots, and when economic hot spots are bound to occur. A general survey of social and economic conditions in the central and western regions today, particularly a look at opportunities there, shows, without doubt that Jiyuan in Henan Province is extremely likely to become an economic hot spot area of national significance.

First, the three large projects, and the investment of 100 billion yuan in Jiyuan enable Jiyuan to become a very hot economic development area. The building of the Xiaolangdi water conservation hub, the Bibei Power Plant, and a large chemical fiber project for an investment of nearly 100 million yuan in an around Jiyuan during the short space of just several years at the turn of the century, making it an inland county-level city, is truly the kind of thing that happens only once in a thousand years. All of the major Jiyuan projects are included in the national plan, and most of the investment comes from national government allocations, and from World Bank and Asian Bank funds. The projects are little subjected to national macroeconomic regulation and control; they are stable and dependable. Mostly bottleneck industries, such as those that provide energy, are to go into production. They will not create a supply that is greater than demand, nor will they be hot one day and cold the next. They have continuity as well. These are advantages that many economic hot spot areas have not enjoyed in the past.

Second, thanks to the construction and servicing of the three major projects, a benign cycle of greater opportunities will occur in Jiyuan, investment providing opportunities that create more investment, which provides more opportunities. The 100 billion yuan investment will produce numerous additional investment opportunities. As a general rule, between 20 and 30 percent of project investment meets personnel basic consumption needs. Agricultural products and by-products, and means of production, like construction materials and nonstandard products, are purchased locally, thereby stimulating development of the local economy. Thus, Jiyuan's agriculture, local industries, and its transportation, tourism, and food and beverage industries will see substantial development. The location of project personnel and their dependents in the area will increase real estate and commercial opportunities in the region. In addition, the three projects will produce electric power primarily. As a general rule, an electric power base gives rise to a large number of high energy consumption, and high technology industries. These industries foster

their own raw materials enterprises, in turn. In addition, specific projects will bring distinctive opportunities in their train. For example, the Xiaolangdi water conservation project will stimulate Jiyuan's tourism industry and aquaculture industry, and shipping industry. This inverted pyramid style derivative system that begins with investment in a large project spawns large numbers of investment opportunities.

Third, its indispensable superb investment climate helps Jiyuan become an economic hot spot area in China. Jiyuan is located at the junction between the large eastern and western economic regions, and at the point where the large southern and northern markets meet. Its geographical location is superb: Transportation is readily available, minerals are plentiful, and the average per capita amount of water needed for industry is 8.2 times the per capita amount for Henan Province. Circumstances are favorable for local industry. The city's GNP is increasing 24.2 percent per year. It is the only region in Henan Province that has entered the ranks of the hundred strong counties (or cities) in the country in terms of fiscal revenue.

Jiyuan has given priority to education. All in all, it has allocated several hundred million yuan to the construction of middle and primary school facilities, and it has invested 110 million yuan in the construction of municipal intermediate vocational schools. A universal education, vocational education, and adult scientific and technical education network exists throughout the city, which has produced large amounts of high quality manpower. Industrial consciousness, and awareness of the opening to the outside world have risen markedly, and very great changes in ideas about urban infrastructure have occurred, thereby opening the way for an advanced, modern, medium size industrial city framework. The Jiyuan City government has inaugurated a series of preferential policies to attract investment, and it has also simplified examination and approval procedures, and improved government handling efficiency. In addition, thanks to successful experiences in recent years in attracting firms and capital, and in operating three kinds of partially or wholly foreign owned enterprises, Jiyuan has explored a whole body of measures for optimizing the investment climate that help attract capital, and that will ultimately enable Jiyuan to become an economic hot spot.

III. Zhong Pengrong: The Central and Western Regions Need Economic Hot Spots

Zhong Pengrong was born in Xishui County, Hubei Province in 1954 where he has held positions in township, district, and county governments, and has been a teacher in primary schools, vocational secondary

schools, and universities. In 1988, he was assigned to the CPC Central Committee Office. In 1993, he founded the Beijing Jinsida Economic Planning Center, which drew up development plans and system reform plans for nearly 10 cities, including Zhengzhou, Wenzhou, Shangqiu, and Yulin, and for nearly 20 large firms including the Three Nine Group, Hainan Airport, and Ludanlan.

Unbalanced regional economic development is a mark of an open economy. Geographical advantages, government tilt policies, and the concentration of capital frequently enable a certain area to become a focus for investment. During the past more than a decade, China's southeast coast has seen the appearance of a series of economic hot spots such as Shenzhen and Hainan. Their rise and spread ultimately spurred a complete rise in the economic level of the southeast coast. It also produced a polarization and very great disparity between China's southeast and northwest in what had formerly been a gradually decreasing economic gradient. The west central and western parts of the country are suppliers of raw materials and energy for the southeastern part of the country, and markets for the sale of products. However, the country's shortage of railroad transportation limits the transportation of raw materials to the east, and the relative backwardness of the central and western parts of the country adversely affects their demand for products from the developed areas in the eastern part of the country. Because of the relatively high real estate prices in many coastal cities, relatively high wages, and overall costs that are much higher than in inland areas, some coastal industries have gradually lost their advantage. Meanwhile, in the central and western parts of the country, basic industries, including energy and raw materials industries, exist whose output is urgently needed in coastal regions. They should be given priority development. In order to reduce marginal consumption and ease railroad transportation, industries that consume large quantities of materials and energy should be induced to move inland. The country's macroeconomic situation suggests that industry should and also is shifting westward.

Therefore during the next decade, several more hot spots must be created in the central and western parts of the country, these hot spots serving to enable the rapid concentration in central and western areas of economic resources such as capital, human talent, and projects throughout society to propel the rapid development of the economy of central and western parts of the country.

Developing and building the country's central and western regions requires a combination of efforts over a wide area and focus on key points. It requires the selection of rapidly growing economic growth points that have a solid economic foundation and superb

conditions in every way to serve as models and turnkeys for the development of the central and western parts of the country. Regionally, "some people should be permitted to become rich first" as well, and subsequently spur the joint prosperity of all in a process of going from single points to wide areas for an economic takeoff throughout the central and western regions.

Like genes, some economic hot spots are recessive while others are dominant. Some have formed, and others are in the process of formation. For investors, finding recessive economic hot spots and forecasting future economic hot spots is of greater significance. This is the only way they can steal a march on others or get a large return. So where are the economic hot spots that may appear in the central and western parts of the country? Finding economic hot spots requires conducting a search at least in the following ways:

First is the position of a region in the country's economic development. Generally speaking, the earliest prospects for economic development of areas that have not yet been opened up or developed appear in places that are contiguous with, or in contact with, developed countries or territories. Of all the areas in central and western China, Jiyuan City in Henan Province is located where western developed areas and eastern developed areas meet. It also backs up against coal-rich Shanxi Province, and looks out over south central China, the country's principal industrial products producing area. It is also at the confluence of two large markets. It is a passageway for the movement of coal from Shanxi to the south, and for movement of goods from the south to the north. This advantageous location is, no doubt, the main reason for the westward shift of industry.

Second is direction in which national policy tilts. Policy tilt may take the form of a regional tilt or an industrial tilt. Since the Eighth Five-year Plan, the country's regional tilt policies have gradually given way to industrial tilt policies. However, the westward shift of industry seems to be a combination of both an industrial and a regional tilt. This is because the industries toward which a tilt must be made — energy and raw materials — are located mostly in the central and western parts of the country. The country's recent concentration in Jiyuan of three huge projects: the Xiaolangdi water conservation hub, the Bibei Power Plant, and a large chemical fiber plant show a tilt policy preference.

Third is money distribution. Money distribution is used here in the sense of government investment. Government investment is frequently the most direct and most effective reason for a region becoming an economic hot spot area. Take Jiyuan, for example, where such a huge investment in a single city in so

short a time is unprecedented. Such a large investment itself produces an aura that attracts more and greater investment, ultimately turning a place into an economic hot spot.

IV. Liu Wei: Seize Opportunities For Spurring Hot Spot Formation

Liu Wei was born in 1957. His ancestral home is Mengyin, Shandong Province. In 1977 he passed the examination for admittance to the Beijing University's Economics Department (Institute) where he earned a bachelors degree, a masters degree, and a doctorate in economics. He remained at the University following graduation where he is now a professor in its Economics Institute, a doctoral student advisor, and concurrently an assistant director of the Beijing University Economics Institute, and editor of JINGJI KEXUE [ECONOMIC SCIENCE] magazine.

Jiyuan in Henan Province has advantageous economic development conditions that no other county-rank city can match or replace in terms of geographic location, energy, transportation and communications, development climate, and intensity of funds. Its GNP increases an average 24.2 percent per year, and its fiscal revenues grow 50 percent per year. In 1994, Jiyuan became Henan Province's only city to enter the ranks of the 100 strong counties in the country in terms of fiscal revenues. This shows that Jiyuan has a foundation for both high speed and sustained development. Of particular importance is the simultaneous concentration in Jiyuan of three large national level projects: the Huang He Xiaolangdi water conservation project, the Bibei Power Plant, and a large chemical fiber project in which a total of nearly 100 billion has been invested. This provides Jiyuan inestimable opportunities.

How can potential advantages and great opportunities such as occur only once in a thousand years be genuinely transformed into Jiyuan's economy growth? I think that the history of regional economic development shows that problems in at least two regards merit examination.

One is how to understand opportunities, understand the real foundation, and understand Jiyuan's qualitative economic growth stage, thereby following the inherent historical logic of economic development to advance economic growth. The key issue is the degree of Jiyuan's industrialization. The industrial structure that has taken shape in the form of resources, investment, and technological conditions show that Jiyuan's industrialization has entered the acceleration stage. The extent of its development is already far higher than that of the central plain, or even the average level of the eastern part of

the country. Consequently, the stage of Jiyuan's development ensures that Jiyuan will further improve its industrial structure, accelerate the development of tertiary industries, and employ these advances to spur economic growth, thereby setting the stage for greater industrialization.

There are at least two bases for this. One is the development base. Jiyuan is already an industrial and tourist city that has a number of high efficiency turnkey enterprises. Its industrial GNP accounts for 80 percent of its total GNP. The infrastructure that it has developed, and in which it has invested, provides for sustained, effective economic development, including follow-on industries. Coordination and mutual stimulation between tertiary and secondary industries is crucial. The second is the system base. Economic development of Jiyuan's market mechanism can rely on its own location, energy, communication, and transportation strengths, and fine opportunities for an extraordinary economic takeoff. It also has not only the economic growth value needed for the development of tertiary industries, but also the value needed to spur market development. This is because many tertiary industry sectors and trades have the "hardware" needed for building a socialist market economy system.

The coming on stream of the three large energy and chemical fiber industry projects, all of which provide products in seriously short supply, will make Jiyuan an important electric power base and important chemical fiber base in China. In addition, the development of associated industries and derivative industries will greatly change Jiyuan's industrial structure and industrial pattern. Tertiary industries, which are essential to building and servicing the three large projects, are bound to boom.

Second is how to handle properly what is commonly termed the economic relationship between the central government and local government. This handling does not mean routine policy coordination (although, naturally, this kind of coordination is important too), but rather how to ensure that national government investment is effectively blended with local economic growth to produce a mutually complementary, mutually stimulating benign cycle. The 100 billion yuan investment in Jiyuan at the turn of the century comes largely from World Bank and Asia Bank loans. Overall, this money is relatively little regulated and controlled by the central government. It is steady and consistent. This is another advantage that Jiyuan enjoys that is different from investment in other hot spot areas. However, this advantage stems from the source of investment. In addition, handling well the relationship between the central government and local governments requires a complete

system change in the former way of organizing central government projects with the local economy to ensure through the system that Jiyuan enjoys the benefits that ensue for local economic development from large scale central government investment. Under the traditional system, examples of failure in this regard were by no means rare.

PRC: State Enterprise's 'Secret' of Success Outlined

OW0602064796 Beijing RENMIN RIBAO in Chinese
9 Jan 96 p 2

[By staff reporter Ran Yongping (0373 3057 1627):
"Aokema, What Is Your Secret of Success?"]

[PTS Translated Text for FBIS] Aokema will give you two shocks. Qingdao Aokema is still somewhat new to you. However, if approaching it, you will be shocked by at least two of its characteristics. The first shock is Qingdao Aokema Electrical Company's growth rate from 1990 to 1995. In 1990, it was a loss-making enterprise 25 million yuan in debt that the government decided to sell. However, in 1995, it was the second-largest profit-making enterprise after Haier Group in Qingdao, with profits of 238 million. Meanwhile, for two years in a row, its output, sales, and profit tax have ranked at the top in China's refrigerator industry. The following is a set of convincing figures: Output: 8,409 in 1990; 265,000 in 1994; 656,000 in 1995; average growth rate is 242 percent. Sales income: 7.21 million yuan in 1990; 310 million yuan in 1994; 1.02 billion yuan (after tax) in 1995; average growth rate is 293 percent. Total profit: 50,000 yuan in 1990; 67.58 million yuan in 1994; 238 million yuan in 1995; average growth rate is 478.5 percent. Profit rate on capital: 0.6 percent in 1990; 161.6 percent in 1994; 291 percent in 1995; an average growth rate is 293 percent. The major economic indicators for all other items in the past five years have also been between 100 and 300 percent. The enterprise's equity capital has been up to 300 million yuan. The second shock is Aokema Electrical Company's low input. Aokema used to occupy an area of 21,800 square meters, with a small production plant of 10,000 square meters. Almost all of the production facilities were either domestically-made or self-manufactured. From constructing the plant to selling equipment and renovating technology on several occasions, the company only invested a total of 35 million yuan. It is under this condition that the company has developed an output capacity of 1 million refrigerators, and its unit area output, output value, and benefit per square meter are 67, 133,000 yuan, and 26,700 yuan respectively. In addition, its product quality has been very stable. For three consecutive years, it has won the Golden Bridge Prize

given by the Bureau of Internal Trade and passed ISO 9001 international standard. Qingdao Aokema Electrical Company's "secret" of success probably is having explored an intensive development path that suits itself and is characterized by tapping its potential, transforming, controlling, and developing itself according to its capability. In other words, it is the correct and effective ideas of developing an enterprise that produce tremendous benefits. What would you do if you are given a loss-making enterprise which got into debt without the capability of surviving or transforming? At that time, the only way Aokema could think of was: saving itself and taking the path of tapping its potential and transforming itself. At the end of 1987, through a leasing company, Aokema "imported" an obsolete refrigerator production line for \$560,000 from Singapore. The so-called imported equipment was a second-hand production line with an annual output capacity of 30,000 refrigerators, and the product model was also outmoded. A series of problems including importing the wrong item, mismanagement, and inferior product quality badly crippled the enterprise (at that time, it also happened that 200 of its refrigerators sold in a day were all returned in six days in Tianjin). In the face of the harsh reality, to re-start the business was to force the then leading group (that was the 11th one of the enterprise) at that time to take the path of tapping its potential and transforming itself. This was because it was wishful thinking for a debt-ridden enterprise to import another production line or launch a new project. In less than two years from 1990 to 1991, a newly appointed general manager Lu Qunsheng went to court 37 times just to deal with its creditors' lawsuits. Who would lend huge sums of money to an enterprise like this one? Making no changes and producing the same old products would be equivalent to suicidal production just the same as in the past few years: Its output was as much as its stockpile. Lu Qunsheng could only think of making changes one after another and convinced engineering technicians with fine words (as the company which lacked funds could not give them bonus, he could only say fine words to them) to start fixing the congenitally deficient production line. Surprisingly, this line did work with considerable potential. In only one year, its output increased from 8,000 in 1990 to 40,000. Moreover, equipment renovation had guaranteed product quality, with 40,000 refrigerators unexpectedly sold without a problem.

Having reaped some benefit, Aokema continues to go down the path of tapping its potential and transforming itself. Thus, as if by magic, its output rose dramatically: 80,000 in 1992; 120,000 in 1993; over 260,000 in 1994; and 656,000 in 1995. What is incredible is that this rate of growth is entirely attributable to tapping and transforming its original production line through

constant repairs every year. Aokema is different from other enterprises in that the latter need to add one or two more production lines to expand their output capacity, while the former tapped the potential of its plant and equipment to the full: A single-story plant was changed into a two-story one, with a "hanging bed," the production line was lengthened meter by meter....Although the production line does not look as magnificent as the other enterprises', its economic benefit looks good: The 10,000 square-meter plant has developed an output capacity of 1 million refrigerators. As a rule, this may require at least around 300 million yuan and a plant with an area of 60,000 to 80,000 square meters. Yet Aokema Electrical Company has only invested about 35 million yuan over the past few years.

If you have improved the benefits of an enterprise by tapping its potential and transforming itself and accumulated funds, then what would you do with them? Aokema which suffered poverty before paying particular attention to self-control and developing itself according to its capability: Money can be divided in half but should not be exhausted at once. Investment for this year should be recouped the following year.

Anyone who has been to Aokema is impressed by its down-to-earth style of work. Aokema Electrical Company has an ordinary office which can even be called a shabby four-story building. While inspecting the office, leaders of the city also said that it should be given a face lift. When this reporter came here, the office building was being "fixed up." Yet the company used an old method to "fix up" the office. It was nothing more than whitewashing the wall and painting the surrounding wall. Aokema has 100 cars but only two sedans. The best car for guests is the one it brought second hand a few years ago. As the president of Aokema Group, Lu Qunsheng who sold his car to finance technological renovation in 1990 has not bought a new one to this day.

Qingdao Aokema Electrical Company also has a fairly sound mechanism for restraining employees. Even if the president wants to invite guests to dinner, it must also be arranged through the president's office. Except for special circumstances, all staff members should dine with guests in the company's small restaurant; otherwise they will not be reimbursed. In addition, except for special circumstances, no one is allowed to stay in a luxurious hotel or take a taxi on a business trip so that the company will cultivate a thrifty style of work from the upper level, including the president, to the lower level.

On this question, Lu Qunsheng maintains: As the enterprise has become larger in scale, being a little thrifty or extravagant will make it big difference. In addition, whether in scale or benefits, our enterprise and companies from abroad cannot be mentioned in the same breadth because we still have not completely shaken off poverty. Therefore, if a thrifty style of work is just a virtue to foreign companies, then, as far as we are concerned, it is not only a virtue but in reality is an indispensable operational principle as well.

If riding in luxury cars and staying in high-class hotels are nothing more than a trifling question when compared with a sales income of billions of dollars and it does not directly affect the operation of an enterprise, then seeking instant success and quick profits and blindly and rashly putting up establishments will have a bearing on its success or failure.

Persisting in the principle of developing itself according to its capability is another important contributing factor to Qingdao Aokema Electrical Company's sustained rapid, healthy growth. It maintains that development is the last word and the enterprise will eventually be large in scale, otherwise it can neither maintain a leading position nor compete with companies from abroad. However, the key problem is to develop itself and maintain its speed according to its capability.

The growth rate of Aokema is amazing. By persisting in tapping its potential and transforming itself, the input of the enterprise is small. Moreover, the rolling development characterized by investing this year, recouping the next, and then investing the returns entails small bank loans, thus putting very little pressure on the enterprise. To maintain its capacity for later development, Aokema also purchased a tract of land in a development zone. The difference is that rather than immediately developing the land, Aokema took its capacity into account before developing it. For instance, more than 50 percent of the 200 million yuan Aokema injected into the first phase of the development zone was out of its own funds. Its thorough analysis also proved that part of its loans can be recouped the following year.

Finance & Banking

PRC: State Issues Foreign Exchange Control Regulation

OW0502155796 Beijing XINHUA in English
1534 GMT 5 Feb 96

[FBIS Transcribed Text] Beijing, February 5 (XINHUA) — While loosening its grip on foreign exchange gradually, China will still maintain strict controls on hard currency in capital account.

According to a regulation on foreign exchange control issued by the State Council here today, China allows a conditional convertibility of local currency Renminbi under current account, meaning that with necessary trade documents, enterprises now can buy foreign exchanges from designated foreign exchange banks.

But enterprises meanwhile must sell their hard currency earnings to the designated banks or put into bank accounts after getting approval for opening such accounts. They are not to keep foreign exchange earnings outside China.

"The regulation legalizes what we have done in our sweeping reform on foreign exchange system since 1994," said a spokesman from the State Administration of Exchange Control (SAEC). "It gives a strong push to the smooth expansion of foreign trade as well as the full convertibility of Renminbi under current account."

He said foreign investors can remit profit, dividend and interest earnings outside China from their foreign exchange accounts or convert their Renminbi earnings into hard currency in designated banks before they remit the money out of the country.

The regulation which will become effective as of April 1st says that Chinese residents can hold their foreign exchanges, or put them into banks or sell them to the banks on a voluntary basis. But no private trading is allowed.

The SAEC spokesman said that while relaxing control on foreign exchange under current account, China will continue its strict control on foreign exchange management under capital account.

China has to further improve its macro regulation capability and it still lacks an effective mechanism of foreign exchange control.

"We don't want to see chaos caused by capital inflows and outflows in huge amount at the stage when we are weak in controlling method," said the spokesman.

PRC: National Interbank Lending Market Operating Well

OW0602101796 Beijing XINHUA in English
0740 GMT 6 Feb 96

[FBIS Transcribed Text] Shanghai, February 6 (XINHUA) — The Shanghai-based National Interbank Lending System reported a turnover of 30.57 billion yuan during first month of its operation.

The country's unified capital market has handled a total of 1,213 transactions since it began trial operation on January 3 this year.

According to statistics released by the system, capital transactions in seven-day-term, 30-day-term and 90-day-term totalled 4.31 billion yuan, 1.51 billion yuan and 3.4 billion yuan in January, with the interest rate averaging 10.6 per thousand, 10.48 per thousand and 10.84 per thousand, respectively.

The system links some 35 short-term capital financing center across the country to the computer network of the China Foreign Exchange Trade System and publishes the interest rates of six types of terms every day.

PRC: Ministry Urges Preparations for Bond Redemptions

*OW0502132696 Beijing XINHUA in English
0617 GMT 5 Feb 96*

[FBIS Transcribed Text] Beijing, February 5 (XINHUA) — The peak of treasury bonds redemption will come earlier this year, according to a Ministry of Finance notice urging all departments concerned to make the necessary preparations.

"All banks, securities institutions and postal savings offices are obliged to redeem treasury bonds falling due," the notice said.

Ministry officials said eight types of treasury bonds will be repaid this year, with the total amount valued at a record 110 billion yuan (about 13 billion US dollars).

The notice urged that necessary training should be offered to staff of the departments concerned and efforts be made to uncover counterfeit bonds.

Holders of bonds that fell due before 1996 can have them cashed this year, according to the notice, which says redemption will close September 30, except for one type of bond issued in 1991. After that date redemptions can be made only at offices at or above the county level.

PRC: Export-Import Bank To Double Domestic Loans

*OW0602072696 Beijing XINHUA in English
0700 GMT 6 Feb 96*

[FBIS Transcribed Text] Beijing, February 6 (XINHUA) — The Export-Import Bank of China (Eximbank) will double its loans for domestic exporters to 180 million US dollars-worth this year, the bank's president Lei Zuhua said here today.

Speaking at a meeting of the bank's board of directors, Lei said that the Eximbank will extend to exporters 11.2 billion yuan (about 130 million US dollars) and 50 million US dollars-worth of foreign exchange in export seller's credits this year, up from 5.603 billion yuan and 13 million US dollars for 105 projects last year.

Last year's credits helped boost China's exports of electronic products and machinery, and generated a profit of 1.7 billion yuan, the president said.

Customs statistics show that machinery and electronic products replaced textiles to become China's single largest export item last year.

Lei said that the Eximbank also signed 22 export credit letters and guarantees valued at 161 million US dollars last year, adding that progress was also made in offering preferential Chinese government loans to overseas borrowers and in relending foreign government loans to domestic borrowers.

The Chinese bank's loans will continue to take the form of export credits, with lending priority given to the export of complete sets of equipment and high-tech products as well as to overseas projects aided by China, Lei told the meeting.

The Eximbank is one of China's policy-oriented banks established in 1994 to finance the country's export of capital goods represented by electronics products and machinery. It plans to open a representative office for business in central and western Africa this year. Currently the bank has two domestic representative offices respectively in Shanghai and Dalian, a coastal city in the northeastern province of Liaoning.

Foreign Trade & Investment

PRC: Beijing Outlines 1996 Copyright Protection Goals

*OW0302123496 Beijing XINHUA in English
1219 GMT 3 Feb 96*

[FBIS Transcribed Text] Beijing, February 3 (XINHUA) — The State Copyright Administration announced here two days ago that it will continue to be tough on copyright violators this year.

Shen Rengan, deputy director of the administration, said that law enforcers will focus on the piracy of laser discs (LDs) and compact discs (CDs).

They will also intensify the fight against copyright infringement on high-technological products, including computer software and CD-ROMs, the official added.

"No matter the violators are publishing houses or individuals, if they are identified to have infringed copyrights, they will be punished seriously according to law," he said.

He went on to say that the government's administrative functions for the protection of copyrights will be strengthened in 1996.

In China, government departments play a big role in fighting against copyright piracy, in addition to courts and public agencies.

More work will be done to improve the copyright contract registration system, draw up regulations for artistic performance rights, revise publication remuneration regulations, and improve the identification system for overseas copyright owners, the official said.

The country will also set up a national copyright protection center, draw up regulations for the management of overseas-related copyright agencies, and revise its five-year-old Copyright Law, he revealed.

Training courses will be opened nationwide to enable workers and executives from the industries of computer, film and recordings to become familiar with copyright issues, according to Shen.

The official added that his administration will expand exchanges and cooperation with copyright organizations in foreign countries and in Hong Kong, Macao and Taiwan, as well as the World Intellectual Property Organization (WIPO).

***PRC: New Rules To Oversee Foreign Employment Agencies**

96CE0078A Beijing ZHONGGUO YINJIN BAO
[CHINA IMPORTS] in Chinese 20 Oct 95 p 1

["State Bureau of Foreign Experts Affairs and State Administration for Industry and Commerce Issue New Rules On Establishment of Foreign Employment Service Agencies"]

[FBIS Translated Text] The State Bureau of Foreign Experts Affairs [SBFEA] announced at a press release conference on 17 October the simultaneous introduction of the "Provisional Rules for Regulating Foreign Experts Employment Service Agencies," which had been jointly formulated by SBFEA and the State Administration for Industry and Commerce [SAIC], and the "Regulations for Foreign Economic Experts Working in China," written by SBFEA.

Director Ma Junru [7456 0193 1172] of SBFEA pointed out at the conference that the number of foreign experts working in China has been increasing steadily and their methods of recruitment have also become more diversified in the wake of the deepening of China's reform and open policies, its growing modernization, and, in particular, the gradual creation of a socialist market economy. Specifically, there have been remarkable changes in the distribution of foreign workers among foreign funded enterprises, township and town enterprises, and private science and technology enterprises, and their forms of employment. Transactions on the international experts

market have increased steadily relative to personnel exchanges at the inter-governmental level even as the latter too has continued to grow. It was against this backdrop that employment service agencies specializing in the recruitment of foreign experts have sprung up like mushrooms. Employment service agencies and headhunting firms overseas are also poised to open representative offices or branches in China. Already a few foreign companies have set up representative offices here or put together joint ventures whose business is to provide employment services. To recruit qualified foreign personnel actively and in an orderly way, and to standardize the examination and approval, registration, supervision, and regulation of employment service agencies that recruit foreigners to work in China, the SBFEA and SAIC have jointly formulated the "Provisional Rules for Employment Service Agencies that Recruit Foreign Experts to Work in China" in accordance with the relevant state laws and regulations.

Reportedly the new rules went into effect on 1 October 1995. Employment service agencies already in business prior to that date are required to go through the examination and approval procedures retroactively with SBFEA within three months from the day the regulations took effect. Wu Yongxing[2976 3057 5281], the SBFEA's deputy director, described the provisional rules as an important tool at the disposal of SBFEA to nurture and manage the experts market comprehensively. Their implementation will lay a solid institutional foundation for the development of the market and also signify that it is now possible to put together expert-recruiting enterprises as joint ventures at this stage in the opening of China's qualified personnel market. On the one hand, the SBFEA will regulate employment service agencies that recruit foreigners to work in China by making laws and monitoring their implementation. On the other hand, it will take effective measures to encourage and guide the healthy development of all kinds of employment service agencies, ultimately establishing in China a multi-player and multi-function foreign experts market amenable to regulation and control.

Wang Hu [3769 5706], who heads the economic and technological office in SBFEA, briefed the press about the "Regulations for Recruiting Foreign Economic Experts to Work in China," which were unveiled at the same time. He disclosed that the number of foreign economic experts working in China has increased sharply. According to incomplete statistics, 25,000 foreign economic experts came to China to work last year alone, 40 times more than the number in the early days of reform. Most of them can be found in key construction projects in the nation's backbone industries, including energy, transportation, and raw materials. Already

they have become a vital technical force in China's economic construction. Based on established international practices, the new rules will make the regulation of foreign economic experts more open, more legalistic, and more orderly. They also will enable the departments in charge of industry at all levels to clarify their management function and improve their regulation of foreign economic experts.

***PRC: 'Text' of New Rules for Foreign Employment Agencies**

96CED078A Beijing ZHONGGUO YINJIN BAO
[CHINA IMPORTS] in Chinese Oct 95 No 20 p 2

["Full Text of Rules On Setting Up Foreign Employment Service Agencies"]

[FBIS Translated Text] Notice on Publishing and Distributing "Provisional Rules for Employment Service Agencies that Recruit Foreign Experts to Work in China"

To: The foreign affairs offices, experts recruitment offices, education commissions, and bureaus of industry and commerce administration of all provinces, autonomous regions, and municipalities directly administered by the central government; and the foreign affairs offices, experts recruitment offices, and education offices of all State Council ministries, commissions, and other agencies directly under the State Council:

The State Bureau of Foreign Experts Affairs (SBFEA) and the State Administration for Industry and Commerce (SAIC) have jointly formulated the "Provisional Rules for Employment Service Agencies that Recruit Foreign Experts to Work in China" to actively recruit foreign experts; standardize the management of employment service agencies that recruit foreign experts to work in China; and enable the recruitment of foreign experts to better serve reform, the opening up of China, and modernization. The provisional rules are hereby published and distributed for your implementation.

Chapter 1. General Principles

Article 1. These rules have been formulated to actively recruit foreign experts to work in China and standardize the examination and approval, regulation, supervision, and management of employment service agencies that recruit foreign experts to work in China in accordance with the relevant state laws and regulations.

Article 2. For the purposes of these rules, "foreign experts" refer to foreign personnel who possess and are able to utilize their talents or special skills in related work in China. "To work in China" is to come to China to take up positions in government organs, institutions, social organizations, colleges and universities, or en-

terprises. To work in China may also mean coming to China to be a consultant, provide services and training, give lectures, conduct joint research, or pursue other lines of work.

Article 3. For the purposes of these rules, employment service agencies that recruit foreign experts to work in China (known as employment service agencies for short hereafter) refer to enterprises (but not wholly foreign owned enterprises) which have been authorized to offer employment services within the Chinese borders to recruit foreign experts to work in China (known as employment services for short hereafter). Where such employment service agencies operate as companies, their establishment shall be examined and approved and their registration processed in accordance with the "PRC Company Registration Regulations."

Article 4. It shall be the responsibility of SBFEA to examine and approve service employment agencies and that of SAIC and its local counterparts to process their registration.

Chapter 2. Examination, Approval, and Registration of Employment Service Agencies

Article 5. A proposed employment service agency must satisfy the following requirements in addition to being an enterprise legal person as required under the law and administrative rules and regulations:

- 1) have more than three employees who specialize in employment services and a sound work system;
- 2) have well-established channels through which to recruit foreign experts;
- 3) have a demand for foreign experts where it is located; and
- 4) if the proposed employment service agency is a Sino-foreign joint venture or cooperative venture, the foreign partner must be a multinational corporation in the business of providing employment services.

Article 6. An application to set up an employment service agency shall consist of the following documents and must be submitted to SBFEA:

- 1) an application signed by the individuals responsible;
- 2) a feasibility report on employment services;
- 3) the proposed agency's articles of association and contract;
- 4) information on the agency's structure, staffing arrangements, major equipment and facilities, and work system; and

5) if the proposed agency is a Sino-foreign joint venture or cooperative venture, the foreign partner must submit documents and other related materials as evidence of its involvement in employment services.

Article 7. Applications to set up employment service agencies shall be made to SBFEA. The latter shall decide to approve or reject an application within 60 days after receiving the application.

Article 8. A successful applicant must register the employment service agency with a bureau of industry and commerce administration within 30 days after receiving the letter of approval. If the employment service agency is a Sino-foreign joint venture or cooperative venture, it also must submit at the time of registration the certificate of approval issued by the Ministry of Foreign Trade and Economic Cooperation [MOFTEC] or the appropriate local people's government.

Chapter 3. Supervision and Regulation of Employment Service Agencies

Article 9. Upon examination and approval and after registering itself with a bureau of industry and commerce administration, an employment service agency may engage in the following activities:

- 1) recruitment and hiring services. On behalf of a client, it locates and selects foreign experts who are available to come to China to take up positions or to engage in consulting, offer training and technical instruction, give lectures, or conduct joint research;
- 2) provide qualified personnel. Supply a client with the foreign experts it needs in such fields as consulting, training, technical instruction, lecturing, and joint research;
- 3) specialized consulting services. Assemble a team of foreign experts to develop a plan; conduct project evaluation, market survey and analysis, and operational diagnosis; and offer policy-making consulting services to a client;
- 4) employment consulting services. Provide a client with information on foreign experts, make suggestions to a client relating to the hiring of foreign experts, evaluate a client's employment plan; and
- 5) services related to the employment of foreign experts. A client may ask an employment service agency to handle all the formalities relating to the recruitment and hiring of foreign experts to work in China, receive such experts, and provide pre-employment orientation.

Article 10. Employment service agencies shall abide by the principle of voluntary participation on the part

of every party involved as they go about providing employment services.

Article 11. Employment service agencies shall submit to the guidance and supervision of SBFEA and price departments in setting service fees and charges.

Article 12. An employment service agency shall present to SBFEA an annual report on its operations and activities at a time determined by the SBFEA and shall submit to SBFEA regulation.

Article 13. Permission from SBFEA is required before employment service agencies can set up a trade association which must be registered as a social organization. The trade association shall assist employment service agencies to practice self-regulation under the guidance of SBFEA.

Chapter 4. Penalties

Article 14. If an employment service agency violates these rules by recruiting foreign experts to come to work in China without permission from SBFEA, it shall be punished or banned by SBFEA in conjunction with the bureau of industry and commerce administration concerned.

Article 15. If an employment service agency commits any of the following, it shall be punished as appropriate under the law by SBFEA and SAIC, depending on their respective jurisdictions. In a serious case, its authorization shall be withheld by SBFEA and its operating license revoked by the bureau of industry and commerce administration:

- 1) exceeding its scope of operations without authorization;
- 2) raising its fees without authorization;
- 3) failing to submit an annual report on its activities in violation of the rules; and
- 4) other conduct that violates state laws, administrative rules and regulations, and these rules.

Chapter 5. Supplementary Articles

Article 16. Enterprises already in the business of providing employment services shall apply to SBFEA retroactively for examination and approval as employment service agencies within three months after these rules take effect.

Article 17. These rules shall be applicable to enterprises that recruit overseas Chinese experts to work in China, that recruit experts from the Taiwan region to work in other provinces, autonomous regions, and municipalities directly administered by the central government, or that

recruit experts from the Hong Kong and Macao region to work in the interior.

Article 18. These rules shall be applicable to joint ventures and cooperative ventures set up in other provinces, autonomous regions, and municipalities directly administered by the central government by enterprises from the Taiwan region to provide employment services and to joint ventures and cooperative ventures set up in the interior by enterprises from the Hong Kong and Macao region to provide employment services.

Article 19. The examination, approval, registration, and regulation of institutions and social organizations that engage in employment services shall be handled with reference to these rules.

Article 20. If an overseas employment company or a professional organization proposes to set up a permanent representative office in China, it shall be examined, approved, and regulated with reference to these rules.

Article 21. These rules shall be interpreted by SBFEA.

Article 22. These rules shall take effect on 1 October 1995.

PRC: 'Yearender' on Prospects for WTO Entry

HK0602020896 Beijing RENMIN RIBAO in Chinese
28 Dec 95 p 7

["Yearender" by Ren Zhong (0117 6850): "Forecast of China's Prospects for Joining the World Trade Organization"]

[PTS Translated Text for FBIS] At the end of 1995, GATT will bow out and its place in the stage of history will be taken up by the WTO. This means that negotiations on China's re-entry into GATT will become negotiations on China's participation in the WTO. Given that negotiations on China's re-entry into GATT dragged on for nine years without reaching the end of the tunnel, everyone is looking at this phase of negotiations with great interest.

When considering the prospects of future negotiations, we should understand that since these negotiations have to do with over 100 signatories of diverse political and economic systems and different levels of development, it is only when all parties concerned have reached a consensus that the negotiations will have any hope of reaching a conclusion. On the question of China's entry into the WTO, all signatories, including the major countries of the West, have now come to understand that China's entry is not only to their advantage, but is to the advantage of the whole world. This consensus is an indication that China's entry into the WTO is an irresistible trend and that the conclusion of these

negotiations is just a matter of time. However, at this stage it is necessary for all negotiating parties to reach further consensus on the following two points: First, on what condition should China join the WTO? Second, what will be the most suitable time for all concerned for China to join the WTO?

On the question of conditions for China's entry, the Chinese side has made it clear that China must promise to honor its obligations to abide by international rules and regulations on economic exchanges and trade based on the Uruguay Round accords, and must gradually open up its market. All fair-minded people have noticed that China has, over the past few years, taken major steps to honor its commitment to abide by international rules and regulations. International economic and trade circles should also recognize that the Chinese market, be it the market for goods or the market for services, has been opening up at a speed which far exceeds the speed in which countries with a similar level of development as China were opened up. China has been taking measures to lower its tariffs and reduce its trade barriers since 1992.

These actions suffice to show that conditions for China's entry into the WTO are basically ripe. However, there is no denying that grave differences still exist between China and some of the major signatories on the conditions for China's entry into the organization.

To overcome these differences, our counterparts in negotiations must take note of the other side of the question. Regarding the conditions for China's entry into the WTO, they must recognize that China can only shoulder international obligations which conform to its real development level. We will make a point of explaining China's basic conditions to other countries in the course of negotiations. This will be one of the most important prerequisites for achieving progress in negotiations.

What are China's national conditions? These refer to three basic points. First, China has a population of 1.2 billion people, and this is increasing by more than 10 million annually. It is often said that politicians must take risks when it comes to carrying out economic reform and opening up the market. However, it must be pointed out that in a country like China which has a population of 1.2 billion, it is only natural that leaders should exercise great care when making major decisions. Since they are answerable to 1.2 billion people, they cannot make serious mistakes in economic reform and opening up the market. Such mistakes would prove disastrous not only for China but also for the whole world. The reason is simple. No country can shoulder the responsibility for feeding 1.2

billion people. Second, China is a developing country with a per-capita income of less than \$500, and 70 million people still live below the poverty line. When we insisted on being taken as a developing country in previous negotiations, we were not trying to seek special treatment or exceptions to universally accepted international norms. We just wanted our counterparts to understand that attempts to open up the market of a country without considering its development level would either render the efforts meaningless or simply nip the market in the bud. As the Chinese saying goes, this is an act of "killing the hen to get the eggs." Third, China is a country that is making the transition from a highly planned economy to a socialist market economy. Given the size of its economy and its population, the transformation taking place in China has great historical significance in the development of the world economy because it is without precedent. People are discovering the secret to the success of China's reforms — proceeding step by step. This is a great invention by Deng Xiaoping, the chief architect of China's reform and opening up program. When we negotiated for grace periods in the implementation of some practices, we were hoping that the results of negotiations could reflect this "secret" to our successful reforms.

We can all see that on the question of conditions for China's entry into the WTO, it is true that there are two sides to the coin. On the one hand, China must honor its obligations to abide by international practices and to open up its market. On the other hand, the other signatories must understand China's conditions and adopt a flexible and pragmatic attitude on China's obligations at the present stage. If the two sides of the negotiating table can find a suitable meeting point down the middle, major headway can be achieved in the negotiations.

The second question is the timing of China's entry. Our principal counterpart has said arrogantly that they have no timetable. We can also say frankly that neither does China have one. We are willing to speed up the process of negotiations, but there is no anxiety on our part. We can only let nature take its course as to when an agreement might be struck. As we Chinese say, everything comes easy at the right time.

China is not trying to seek any immediate benefits by seeking re-entry into GATT or trying to join the WTO. Thus, we are not going to set a specific deadline for the negotiations. What we are more concerned about are our long-term objectives. In other words, we will look at the whole process from the strategic plane of China's economic reform and participation in global economic integration.

In our participation in a world trading system that works on rules and regulations, we have come to see the importance of rules and regulations for China's economic reform. This is particularly true given that China's transition from a planned economy to a market economy is to a large extent a transition from rule of men to rule of law. Therefore, we must establish a comprehensive set of laws and regulations to standardize the operation of the market economy. Early entry into the WTO will enable us to draw on internationally-recognized multilateral rules and regulations in our efforts to draw up this set of laws and regulations, thereby paving the way for the integration of the Chinese economy with the world economy. This will not only prove beneficial to the reform of China's economic system, but will enable the world to benefit still more from China's reform.

In our participation in the world trade system which works on rules and regulations, we have also come to see the importance of rules and regulations to China's opening to the outside world. The more developed China's economy becomes, the larger the volume of China's foreign trade, and the larger the amount of foreign investment attracted, the greater will be our contradictions and frictions with the outside world. We hope that these disputes will be resolved in accordance with international rules and regulations. If they are resolved by the "political rules" of the law of the jungle, they not only could lead to economic conflicts but might even trigger political confrontation. Thus, the early resolution of the question of China's entry into the WTO is not only conducive to the establishment of a fine international business and economic environment but will contribute to the establishment of normal international political relations.

When we say that China does not have a timetable for joining the WTO, we make no attempt to conceal our view that China's early entry into the organization is in everyone's interest. It has been unanimously agreed that China's participation in the trade body will be of benefit to all. Should they now reach the consensus that China's early entry will be even more beneficial to them and hence decide to be more realistic in setting the entry conditions, negotiations on China's entry into the WTO can be expedited. We hope that such a consensus can be reached. However, we will not impose our will on others. We are convinced that time will prove that we are correct.

Chairman Mao Zedong had this to say many years ago: "China should make greater contributions to humanity." With a population of 1.2 billion people, China will make a greater contribution to the world in the 21st century by providing it with the largest market. To do this, China must maintain political stability and sustained and

healthy economic development. We believe that all who have a knowledge of Chinese history and understand China's conditions will support the historical process of China's reform and opening up and welcome China's development, because they understand that China's development is a contribution rather than a threat to the world. If our opposite numbers at the negotiating table can understand this point, the obstacles to China's entry into the WTO will be readily overcome and China will ultimately become a member of this trade body.

PRC: More Enterprises Receive ISO 9000 Certificates

OW0502143996 Beijing ZHONGGUO XINWEN SHE in English 1151 GMT 5 Feb 96

[FBIS Transcribed Text] Beijing, February 5 (CNS) — Some 500 Chinese enterprises received ISO 9000 quality authentication certificates and now enjoy access to the international market.

The quality standard formulated and issued by the International Standards Organization (ISO) in 1987 as well as its certification are the technical foundation behind mutual recognition in the sphere of international technological cooperation.

China started its authentication system in 1992 and now some 40 authentication institutions have been established.

The two-year-old Huaxin Technological Inspection Limited Company is a success in this area both at home and abroad for its excellent performance.

By late last year, the company had conducted authentication on 55 enterprises in accordance with the ISO 9000 system. This year it has signed letters of intent or agreements with nearly 100 enterprises on certification procedures.

Huaxin is a limited liability company designed by the Ministry of Machine Building Industry, approved by the State Economic and Trade Commission, authorized by relevant departments and set up by the scientific research institute of machinery as well as non government groups who contributed to its capital.

After making exploratory visits to China's certification bodies, a Hong Kong technology company offered to act as agent in Hong Kong for Huaxin on the basis of its sound performance and conformity with the international system for certification. An American certification body signed a mutual recognition agreement with Huaxin in October 1994.

The Chinese company has a staff of some 80 professional and part time inspectors and other personnel involved in the verification process.

The objectivity and impartiality of the company in carrying out its work have won confidence and praise at home and abroad. Certificates issued by the company during the last two years have been accepted by the United States, Britain, France, Germany, Russia, Japan, Hong Kong and Taiwan. It has helped domestic enterprises open up the international market.

PRC: Foreign Trade Structure Reform To Intensify in 1996

HK0602084196 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 3 Feb 96 p 2

[By reporter Ji Xiaolei (1323 2556 4320): "China Intensifies Reform of Economic and Trade Structure, Gradually Improves Economic, Legal, and Other Indirect Regulation and Control Means, Applies Current International Regulations in Regulating Foreign Economic Relations and Trade"]

[PTS Translated Text for FBIS] Beijing, 2 Feb (RENMIN RIBAO)— The Ministry of Foreign Trade and Economic Cooperation [MOFTEC] announced the other day that China would intensify reform of its foreign trade structure this year. It is reported that by advancing this key work, gradually improving the economic, legal, and other indirect regulation and control means, and applying current international regulations in regulating foreign economic relations and trade it will be conducive to basically establishing by the end of this century a unified, scientific, open, and new foreign economic and trade structure suited to the requirements of the socialist market economy and the current international economic regulations.

According to briefings by a MOFTEC news spokesman, the reform of foreign economic and trade structure will focus on the following aspects:

Take state-owned enterprise reform as a central link. In line with the requirement of "clear property rights, well-defined authority and responsibility, separation of government from enterprise functions, and scientific management," we shall vigorously push forward experiments in the modern enterprise system, speed up the change in foreign trade enterprise mechanism, and improve still further the foreign economic and trade indirect regulation and control system by mainly applying economic and legal means. We should institute a unified foreign economic and trade system and policy in the country as a whole, gradually and principally apply tariff, exchange rates, interest rates, credits, taxation, and

other policies and measures conforming to current international regulations in regulating foreign economic relations and trade, do a good job of monitoring, intervening in, and regulating and controlling foreign economic and trade operations, and constantly improve foreign economic and trade growth quality. It is necessary to reform the foreign economic and trade administration and management structure and enforce macro management. In line with the principle of being open, fair, scientific, and rational, we should make continuous efforts to reform the import and export management structure. We should make a success of the experiments in foreign trade operated by Sino-foreign joint venture enterprises in order to create conditions for the gradual and comprehensive liberalization of the right to operate foreign trade and for the change from an examination and approval system to a registration system.

Comprehensively carry out reform of institutions, improve the foreign trade intermediary service system, and enforce the coordinated service mechanism so that the reform of foreign economic and trade management, operations, and service, can be well-coordinated. Vigorous efforts should be made to institute an import and export agency system and quicken the change from a predominantly purchase system to an agency system.

Accelerate the implementation of a new foreign aid pattern. Further efforts should be made to promote joint-venture cooperation between our enterprises and the enterprises of the aid recipients with regard to foreign-aid projects, integrate foreign aid with investment, trade, and other forms of mutually-beneficial cooperation, bring into play the initiative of both the government and the enterprises, increase the source of capital, expand the scale of projects, and improve aid benefits.

Speed up the legislative process of foreign trade industry. On the basis of "Foreign Trade Law," we should firmly grasp the promulgation and implementation of various rules and regulations, such as the "Anti-Dumping Regulations," the "Anti-Subsidy Regulations," the "Protection Measures and Regulations," and the "Regulations on Chambers of Importers and Exporters." Further efforts should be made to improve the system of foreign economic and trade laws so as to bring foreign economic and trade development within the jurisdiction of the law.

Following the constant improvement in the investment environment, the quality of foreign capital used by China is gradually improving and the amount of used foreign capital is steadily increasing. According to statistics, China approved a total of 37,126 foreign-invested projects last year, a decrease of 21.82 percent over the previous year; the agreed foreign capital

amount was \$90.288 billion, an increase of 10.91 percent; and the amount of foreign capital actually used was \$37.736 billion, up by 11.69 percent. By the end of 1995, China had approved a total of 258,903 foreign-invested projects and the actually used foreign capital amount was \$133.372 billion. Of all the developing countries, China has absorbed the largest amount of foreign capital. The overall features of foreign investments in China last year are as follows: The foreign-invested industrial structure has improved to a certain extent; large and medium-sized in the basic industries encouraged by the state and in infrastructure, energy, transport, and capital- and technology-intensive projects are becoming popular foreign-invested projects while the number of projects restricted by the state has decreased; the scale of foreign-invested projects has expanded to a certain extent, their quality has improved, and the average agreed foreign capital amount for each project rose from \$1.77 million in 1994 to \$2.45 million last year; and the investment in China by internationally well-known multinational companies continues to increase.

Meanwhile, there was new improvement in China's technological import and export as well as some development in its foreign economic and technological aid last year. It signed a total of 3,629 contracts for the import of technology and equipment last year, involving a total contracted amount of \$13.032 billion, an increase of 217.85 percent over the previous year, and the ratio in China's total import amount rose from 3.5 percent in the previous year to 10 percent last year.

PRC: Growth in Foreign Trade During 8th Plan Detailed

HK0502071696 Beijing CHINA DAILY in English
5 Feb 96 p 5

[By Lu hongyong: "Trade Averages 20% Growth in Past Five Years, Hits \$1,000b"]

[PTS Transcribed Text for BIS] Foreign trade during the Eighth Five-Year Plan (1991-95) topped \$1,000 billion, with annual growth rate averaging 19.5 per cent, a customs report stated.

In that period, cumulative exports hit \$518.4 billion, rising 19.1 per cent year-on-year, and total imports amounted to \$496 billion, up 19.9 per cent annually on average.

Both imports and exports were almost double the respective figures recorded in the 1986-90.

The customs report went on to say the last five years were a period when China's foreign trade experienced the fastest growth since the start of reforms and opening-up in 1978.

The information office of the General Administration of Customs estimated foreign trade accounted for 40.9 per cent of the gross national product last year, and the corresponding ratio was 34.7 per cent at the end of 1990.

Booming trade helped China to successively advance its rating among global trading powers, the report said.

It was ranked the world's 15th biggest trading power in 1990 and the following two years managed to overtake the former Soviet Union, Spain and South Korea to the 11th spot and stayed there in 1993 and 1994.

Outstanding trade performance last year will likely propel China to enter the top-10, the report said.

China's share of global trade rose from 1.8 per cent in 1990 to 2.8 per cent four years later. Last year's share isn't available, but is also expected to rise.

"That indicates China is becoming increasingly integrated into the world economy," the report said.

Over the last five years, another 25 countries and regions became China's trading partners, raising the total number to 227.

Last year, China's trade with its 10 biggest partners rose to account for 86.5 per cent of its total, the report said.

Over the past five years, China's foreign trade has been marked by five major movements, the report said.

Finished industrial goods made up the bulk of China's overseas sales while exports of primary goods with little added-value greatly decreased.

The processing trade — importing materials to be processed and re-exported with added value — overtook general trade to become China's most important means of foreign trade.

Its volume last year totalled \$132.1 billion, more than triple the record of 1990. Processing trade growth averaged 24.4 per cent over the last five years.

Foreign-funded enterprises became the most powerful driving force behind China's foreign trade growth and were credited in the customs report for half of the total growth last year.

The 11 coastal provinces and municipalities further consolidated their status as the country's major exporters and their exports thrived last year to account for 81.3 per cent of the national total.

The 19 inland provinces and autonomous regions managed an annual growth of 13.9 per cent in exports over the last five years, but that was too modest to prevent their share of the nation's total exports to decline from 23.4 per cent in 1990 to 18.7 per cent last year.

The final development was that machinery and electronic products overtook textiles to become China's top export category.

At \$43.9 billion, exports of machinery and electronic products accounted for almost 30 per cent of China's total exports last year.

That compared to a proportion of 25.5 per cent for textile exports, which totalled \$37.9 billion last year.

PRC: Inland Development Zone Attracts Investment

*OW0602030896 Beijing XINHUA in English
0239 GMT 6 Feb 96*

[FBIS Transcribed Text] Taiyuan, February 6 (XINHUA) — An economic development zone at the juncture of north China's Shanxi, northwest China's Shaanxi and central China's Henan provinces, has become the latest hot investment spot.

The Fenglingdu Economic Development Zone is also called the "Yellow River Golden Triangle".

After three years of effort the "Golden Triangle" has become a big market for wholesale timber, pharmaceutical materials, cigarettes, garments, grain, edible oil and industrial products.

More than 30 factories in the zone provide all kinds of items for inland provinces.

With more than 60 million yuan in investment, a modern multi-functional commercial building will be completed soon in the zone. In it 2,000 program-controlled telephones will be installed.

So far, more than 50 enterprises and consortiums from the United States, France, Japan and the Republic of Korea are holding trade talks on 31 projects, involving a total of 320 million yuan in investment.

PRC: Garment Industry Looking for Foreign Experts

*OW0602015196 Beijing XINHUA in English
0101 GMT 6 Feb 96*

[FBIS Transcribed Text] Beijing, February 6 (XINHUA) — More Chinese garment manufacturers have joined the trend in hiring foreign experts to help manage their business, to improve technology, and to expand their market share through competition.

One of China's biggest Western-style suit producers, the Firs Group, hired Irie Koichi, a famous Japanese suit designer, this year. According to the contract, the Japanese expert will not only provide the group with his latest designs, but also help it open shops in Japan.

Zheng Yonggang, chairman of the board of the group, said that he previously hired two Hong Kong experts who had worked as technological director of the US Texwood Corporation and the Montageut Group of France. This year he will ask three Italian technicians join in the group.

Jiangsu's Hongdou Group, the largest garment manufacturer in the province, also hired a Japanese suit designer, Kato, and a shirt expert from Taiwan, and put out a call for a president this year from at home and abroad.

Sheng Caiqing, vice-general manager of China National Garment Corporation, said that the trend in hiring overseas professionals, which started in China at the beginning of the 1990s, now is widely regarded to be an important development strategy for big garment manufacturers here. Statistics put the number of foreign experts in senior or mid-level positions at between 200 and 300.

"The import of talent will give a new push to the growing garment industry," Sheng commented.

The Nantong Haimeng Corporation hired two Japanese experts as deputy general managers and had comprehensive technical improvements in a short period of time, and now has an annual production capacity of 24 million meters of lining cloth, accounting for 40 percent of China's garment accessory supplies.

Foreign experts have also appeared in the workshops of the Sanyou Women's Garment Group of Jiangsu, Youngor of Zhejiang, and Jinda of Tianjin.

Sheng said that there will be more overseas fashion experts hired to work in China's during the Ninth Five-Year Plan (1996-2000), because the country will launch a "Garment Brand-Name Project" to encourage the industry to improve quality and create more brands.

PRC: Growth in Rural Enterprise Exports Cited
OW0502100896 Beijing XINHUA Domestic Service
in Chinese 0255 GMT 31 Jan 96

[By reporter Wang Yanbin (3769 6036 1755)]

[FBIS Translated Text] Beijing, 31 Jan (XINHUA) — The development of export-oriented sectors in China's village and town enterprises over the past five years has been remarkable: Their export value has been increasing by 100 percent annually on average over that of 1990. In 1995, the export value of China's village and town enterprises was more than 440 billion yuan, up more than 400 billion yuan over that of 1990. This "dark horse" of China's export-oriented economic sector is making great strides in international markets.

Though China's village and town enterprises only began to export to international markets relatively recently, their progress in this respect was fast: Their export value increased on average over 50 percent annually throughout the "Eighth Five-Year Plan" period. They contributed to one third of China's total export earnings.

Before the "Eighth Five-Year Plan" period, the export-oriented sectors of China's village and town enterprises conducted mainly the "three forms of import processing and compensatory trade," or processed supplementary items for exporting enterprises. Only less than half of the goods designated for export that were produced or processed by village and town enterprises were actually exported directly. By the end of 1995, more than three-quarters of the goods designated for export that were produced or processed by village and town enterprises, and that were passed to the Ministry of Foreign Trade and Economic Cooperation, individual imports and exports enterprises, and the three kinds of partially or wholly foreign-owned enterprises were actually exported directly. At present, over 130,000 village and town enterprises in China are producing goods for export, including over 1,200 centers that are producing commodities for export. Of the total, 396 village and town enterprises have been authorized to handle import-export trade. Additionally, the number of the three kinds of partially or wholly foreign-owned enterprises is over 30,000. Moreover, nearly 1,000 village and town enterprises have set up offices and firms overseas, becoming foreign-funded enterprises in those countries.

Rural export-oriented enterprises have also gradually changed their small-scale and isolated operations and formed corporations. A number of exporting enterprises have appeared that have a certain share of international markets and are relatively competitive. The Ministry of Agriculture issued its first list of 327 rural corporations at the national level, and over half of them were export-oriented corporations. Some relatively large enterprises have formed joint ventures with large international financial groups and transnational companies. Guangdong's Meidi Corporation's exports earned more than \$60 million in foreign exchange in 1995 alone.

The development of export-oriented sectors in China's village and town enterprises has produced many salable brand names. Changing the previously "clumsy and crude" image of rural enterprise products, these brand names have become new, special, reputable, and outstanding products that are sought after by consumers. The Ministry of Agriculture promoted a list of over 200 brand names produced by China's village and town enterprises, and 70 percent of them were from exporting enterprises. Rural enterprise products have not only been

occupying a larger and larger share in China's markets, but have also gained a foothold in international markets. China's village and town enterprises are changing production formats in their export-oriented sectors and are developing all forms of integrated management of trade, industry, and agriculture. At present, China has established 888 rural export-oriented enterprises with integrated management of trade, industry, and agriculture. Through technical renovation, these enterprises have been shifting from producing primitive manufactured goods with low added value to producing manufactured goods with high added value after utilizing advanced scientific and technological achievements.

PRC: Fujian Bans Arbitrary Fees on Foreign-Funded Firms

*OW0402134696 Beijing XINHUA in English
0700 GMT 4 Feb 96*

[FBIS Transcribed Text] Fuzhou, February 4 (XINHUA) — The overall financial burden on overseas-funded ventures has been reduced by 30 percent thanks to provincial efforts to stem extra-tax fees, according to an official.

A document signed by governor Chen Mingyi last month has banned 18 unreasonable fees and lowered the rates of another 51 kinds of fees, bringing the overall financial burden on overseas-funded businesses down by 30 percent.

A total of 714.5 million yuan in unreasonable fees on such businesses has been uncovered and annulled, the official said.

Vice-Governor Zhang Jiakun will lead a team to oversee the implementation of the document and those departments that continue to collect arbitrary fees will be seriously dealt with, the official stressed.

PRC: Sino-German Paint Joint Venture Set Up in Shanghai

*OW0302143096 Beijing XINHUA in English
1345 GMT 3 Feb 96*

[FBIS Transcribed Text] Shanghai, February 3 (XINHUA) — A Sino-German joint venture to produce paint was set up recently in this China's largest metropolis.

Involving a total of 16 million US dollars in investment, the BASF Shanghai Paint Co. Ltd., a joint effort of Germany's BASF AG and Shanghai Paint Plant, intends to produce paint for sedans.

Its annual production capacity is expected to hit 4,100 tons by the turn of this century, which will help meet the demand for paint of 300,000 Santana sedans

manufactured by Shanghai Volkswagen Automobile Corporation.

PRC: Zhejiang Turns 'Patents Into Profits'

*OW0302032496 Beijing XINHUA in English
0229 GMT 3 Feb 96*

[FBIS Transcribed Text] Hangzhou, February 3 (XINHUA) — A total of 23,477 applications for patent rights have been filed in east China's Zhejiang Province, and 12,540 of them have been granted, of which 35 percent have been put into practical use.

Statistics show that these patents include inventions, new types of products and articles with new exterior designs. Among them, new types of articles account for 60 percent of the total.

China's Patent Law, adopted at the closing session of the Fourth Session of the Sixth National People's Congress (NPC) Standing Committee, became effective on April 1, 1985.

Since then, great progress has been achieved in the province. Statistics show that Zhejiang witnessed an additional 6.5 billion yuan (about 800 million U.S. dollars)-worth of output value in 1995 thanks to its patented products, with increased taxes and profits amounting to 1.2 billion yuan.

Zhejiang has spared no efforts to turn patents into profits. At a national patent fair in 1994 the province displayed some 100 patented items, more than 30 of which were sold, involving over 100 million yuan.

Zhejiang's efforts in patent work have played a positive role in bringing forth new products and strengthening the competitive edge of its products.

One electrical machinery plant in the province has applied for 15 patents over the past couple of years, ten of which have been put into use, increasing its output value by ten million yuan.

More and more enterprises are attaching importance to the use of new products and new inventions. Moreover, they have begun to safeguard their own interests in commercial competition and overseas transactions by utilizing the legal means of patent.

Agriculture

PRC: Commentary Urges Practical Action To Boost Farming

*OW0502140896 Beijing XINHUA Domestic Service
in Chinese 1035 GMT 1 Feb 96*

["Weekend economic commentary" by XINHUA reporter Pu Liye (5543 4539 2814): "The Key To

Strengthening Agriculture Lies in Fulfillment of Tasks"]

[FBIS Translated Text] Beijing, 1 Feb (XINHUA) — Following the central rural work conference at the beginning of the new year, the Agriculture Ministry recently held a national agricultural work conference to make arrangements for agriculture and rural economic work during the "Ninth Five-Year Plan" period and this year. This amply shows that the state attaches great importance to agriculture, which is the foundation of the national economy. Meanwhile, all localities have taken measures to develop agriculture. Some have sent cadres to the grass-roots level to assist peasants in developing agriculture while others have announced plans to substantially increase input in agriculture this year or are gearing up to develop agriculture through science and technology. We can say that our country has made a good start in agricultural production this year. While rejoicing over this achievement, we need to stress, in particular, the need to fulfill relevant tasks if we are to develop agriculture on a priority basis.

In recent years, the central authorities have held annual agricultural work conferences, all of which have stressed the important status of agriculture and rural work in the overall situation. The central authorities have repeatedly emphasized this point mainly because they are mindful of the inadequate understanding of some comrades regarding the special importance of agriculture and the arduousness of solving agricultural problems. Judging by the situation of the past few years, many localities indeed have the problem of "much talk and little action" regarding agricultural development. They talk of the importance of agriculture and giving priority to it; they agree with the need to strengthen agriculture. A look at their practical work, however, shows that they have talked a lot but taken very little action. Some local leaders have continued to favor projects that generate huge profits over the short term, and have shown little interest in agriculture that generates relatively poor economic returns. Some localities have not only failed to increase input in agriculture but have misappropriated large amounts of funds allocated by higher authorities for supporting agriculture. Although they do not care about agriculture, these localities, amid the widespread call to strengthen agriculture, sometimes pretend to attach importance to agriculture and create a false impression of agricultural development. As to be expected, they do not bother to take follow-up action after paying lip service. Some people ridicule this practice as "devoting thousands of words to talking about agriculture while devoting tremendous efforts to developing industry."

These types of "agricultural development through sloganeering" and "agricultural development through the issuance of documents" have caused serious harm to actual agricultural production. Because of this superficial attention, pressing problems that hinder agricultural development and that warrant prompt attention have been neglected. Consequently, we have witnessed this phenomenon in some localities: Despite the annual call to attach importance to agriculture, input in agriculture has declined, farmland irrigation works have become antiquated, and acreage under cultivation has dwindled with each passing year while peasants' financial burdens have increased with each passing day and prices for agricultural means of production have risen steadily. Failure to promptly solve the problem of "agricultural development through sloganeering" has not only affected sustained, stable agricultural development but has also dampened peasants' enthusiasm for production and tarnished the government's prestige. To implement the central principle of strengthening agriculture and reap bumper harvests this year, party committees and governments at all levels must strengthen leadership over agriculture and rural work. This is of fundamental importance to agricultural development.

This year marks the beginning of the "Ninth Five-Year Plan." The first year is crucial to any five-year period, and a good start in agriculture this year is extremely important to future agricultural development. To ensure that agricultural production will scale new heights, all localities and governments at all levels should understand and approach agriculture from the overall perspective of national economic development, and truly give priority to agriculture in economic work in terms of planning and funding. Top provincial and prefectural (city) party and government leaders should devote tremendous efforts to agriculture and rural work. County party committee secretaries and magistrates must devote major efforts to agriculture and rural work by paying personal attention and assuming overall responsibility. In planning economic work, we should first make proper arrangements for agriculture and industries that support agriculture. In inspecting economic work, we should first assess agricultural and rural economic performance. In funding, we should first ensure funding for agriculture and increase the proportion of budgetary, capital construction, and credit funds devoted to agriculture. Moreover, we should open up new, stable channels of agricultural investment. We should resolutely stop the "transfer from farming to nonfarming sectors" of agricultural production factors such as land, funds, materials, and manpower. We should also actively channel various funds in society to agriculture so as to create a new situation in which the entire party and society support agricultural development.

We believe that there are reliable guarantees of all-around bumper harvests this year as long as leaders at all levels take practical actions and go all-out to strengthen leadership over agricultural production.

PRC: Plans To Increase Agricultural Investment Outlined

OW0502144796 Beijing ZHONGGUO XINWEN SHE
in English 1151 GMT 5 Feb 96

[FBIS Transcribed Text] Beijing, February 5 (CNS) — This year, China will increase its investment in agriculture.

Investment by the central government in basic agricultural infrastructure will increase by RMB [Renminbi] 650 million over last year. Funds directed into comprehensive agricultural development will, on the basis of an increase of RMB 400 million last year, increase by a further RMB 450 million. The discount rate lending for small-scale irrigation construction on arable land, development of the mountainous regions and seeding projects will rise to RMB 5 billion. Loans for agriculture will increase by RMB 65 billion compared with last year. During the "Ninth Five-Year Plan", the present preferential policy designed to aid the poor will continue and loans in this regard will increase by RMB 950 million annually.

At a recent National Working Conference on Agriculture, leaders from the Ministry of Agriculture demanded that there be better administration over agricultural investment and the development of new fund-raising channels.

According to the Ministry of Agriculture, investment in agriculture will lean towards the production of grain and cotton, scientific and technological development, large basic infrastructure construction and development in the central and western areas together with those regions that show great potential.

The departments concerned are studying new ways to increase agricultural investment. The State will encourage large and medium industrial and commercial enterprises to enter the agricultural sector so as to merge trade, industry, agriculture, manufacturing and marketing into a composite whole and thereby achieve a highly-efficient agricultural system. China also plans to improve the rewards from agricultural investment on the part of foreign investors.

According to authoritative sources, plans to attracting investment into agriculture will focus on four objectives.

First, the State would encourage township enterprises to aid the agricultural sector with part of their returns from industrial production. Secondly, rural cooperatives

should encouraged to increase their agricultural investment. Thirdly, farmers should be encourage to properly balance their savings and expenditure whilst making more funds available for agricultural production. Fourthly, rural agricultural collectives should be organized to develop basic agricultural infrastructure and improve the conditions of production for agriculture.

***PRC: Impact of Uruguay Round on Grain Trade Examined**

96CE0079A Beijing GUOJI MAOYI WENTI
[INTERNATIONAL TRADE JOURNAL] in Chinese
6 Nov 95 No 11, pp 22-26

[Article by Cheng Guoqiang (4453 0948 1730), Chinese Academy of Agricultural Sciences: "Effect of Uruguay Round Agricultural Agreement on China's Grain Trade"]

[FBIS Translated Text] On 1 January 1995, the GATT Uruguay Round Agricultural Agreement became formally effective. Unquestionably, this agricultural agreement will have a profound effect on international trade in agricultural products; thus, it has attracted widespread interest in international society and all countries. This article will analyze its possible effect on China's grain trade.

I. Impact on China's Trade in Principal Grain Products

A. China's Agriculture in the Wake of the Uruguay Round: An Overall View

Should China GATT status be restored, China's agriculture will be bound by the Uruguay Round agreement on agriculture. With the intensification of China's market reform, the world market fluctuations that freer trade in agricultural products has generated may be transmitted to the domestic market once China's GATT status has been restored. The liberalization of world trade in agricultural products may increase exports and reduce imports of certain Chinese agricultural products. It may also cause a possible increase in China's foreign exchange outlays for grain imports. Generally speaking, however, it will benefit China's agriculture in the long run.

Foreseeably, for the present and for some time to come, China's agriculture will unavoidably face the impact of world agricultural system reform:

1. Even though world prices may be telegraphed fully to the China market, and supply and demand for Chinese agricultural products may be regulated by the market mechanism following China's GATT re-entry, in reality, China's incompletely formed price mechanism,

and its negative agricultural protection policy will help block the telegraphing of world prices. This means that the upturn in world prices that freer agricultural trade produces will not effectively stimulate a rapid rise in the supply of related domestic products. Even though world price signals may induce an increase in demand for agricultural product exports, unless China fundamentally changes a policy orientation that is damaging to agriculture, domestic supplies will also not increase correspondingly. Thus, the conclusion is that economic growth and population increase will steadily increase demand for agricultural products. However, at the same time, the supply of agricultural products will decrease because of the increase in export demand. This will produce an imbalance between supply and demand for agricultural products, or a shortage of domestic supply.

2. China employs two main ways to protect the domestic market. One is border protection; the other is low price advantage. In border protection, China sets fairly low tariffs on grain, timber, and cotton, but it sets fairly high tariffs on other agricultural products and processed agricultural products. In addition, it uses non-tariff barriers such as quotas to limit the importation of foreign agricultural products. However, during the GATT negotiations, China promised tariff concessions, and the elimination and readjustment of non-tariff barriers. Therefore, border protection will actually lose its effectiveness. At the same time, China's competitive price advantage in the form of prices of most agricultural products being lower than the international market price, which results from many years of negative protection policies, will gradually disappear with steadily increasing agricultural product costs (such as costs of principal grains increasing by an average more than 10 percent each year), and changes in agricultural policy orientation. In particular, as the market plays a greater role in the sale of agricultural products, the Chinese agricultural product price level will tend to approach or exceed the world price level. Consequently, bereft of protection, the Chinese agricultural products market will face grim challenges and attacks from foreign products.

3. Numerous agricultural products (such as rice) will not be competitive in world markets for reasons of quality; therefore, following China's GATT re-entry, low cost, large volume, relatively high quality agricultural products such as rubber, sugar, tobacco, lumber, soybeans, dairy products, tropical fruits, and even numerous grain products marketed by many of China's trading partners will pummel China's domestic production. Unless protection policies are adopted, output of these products will shrivel under the impact of foreign products, mak-

ing China's agricultural problem more complex than it already is.

B. Impact on the rice trade

China is one of the world rice market's main exporting countries. Once the Uruguay Round agricultural agreement takes effect, world rice market prices will rise, and imports and exports will expand. This will have a positive effect on China's rice production and exports.

As the role of the market increases, Chinese policies detrimental to domestic agricultural production will gradually be corrected. Mindful of the need for a secure grain supply and for improvement of the peasant's income level, the government will invest more in agriculture. In particular, it will do more in keeping with the "green box" [luxiang - 4845 4630] policy to increase agricultural production, including rice production, within the next several years, thereby increasing domestic agricultural product supply capabilities.

It is particularly noteworthy that during the Uruguay Round, both Japan and South Korea promised to deregulate their domestic rice markets to a certain extent. This will benefit China's rice exports. The specifics that the two countries promised are as follows:

1. Japan. When Japan promised to reform its rice policy, a special provision was made in the Uruguay Round, namely to delay the application of tariffs for six years until 2000. In return, Japan will increase rice exports during the next six years, largely by establishing rice import quotas to effect control. The import quota (the minimum access level) for 1995 is 379,000 tons (or four percent of domestic consumption during the base period from 1986 through 1988), increasing in 2000 to 758,000 tons (or eight percent of the base period amount). If Japan applies tariffs to rice in 2000, the tariff equivalent will have to be reduced at least 15 percent (using 1986-1988 as the base period).

2. South Korea. South Korea will increase rice imports through the establishment of import quotas. Its 1995 quota is 50,000 tons (one percent of domestic consumption for the base period 1986 through 1988), the amount doubling to 100,000 tons in 1999, and doubling again to 200,000 tons in 2000 (four percent of base period domestic consumption).

It is estimated that once Japan and South Korea put the agricultural agreement into effect, Chinese rice will have a certain amount of access to the markets of both countries, thereby increasing the portion of Chinese rice in the domestic rice markets of both countries.

In addition, both the EU and the United States have promised to reduce their support for, and protection of,

rice. Therefore, relatively speaking, world rice market competition and distortion will ease.

3. The EU has promised to change its import price difference tax to a tariff, and subsequently reduce the 36 percent tariff, the basis for the reduction being the 1986-1988 annual average and the prevailing tariff level. If the EU reduces the rice support price, and also promises to limit the differential price between the import price and the support price on which tariffs are levied, this will ensure that it will no longer use the high protection policy that it formerly used.

4. The United States. In the market access field, the United States will reduce tariffs 36 percent in equal amounts each year over a period of 6 years beginning in 1995. This includes a tariff reduction from \$.028 to \$.018 per kilogram of paddy, from \$.013 to \$.0083 per kilogram of long grain unpolished rice, and from \$.033 to \$.021 per kilogram of milled rice (unpolished rice); a tariff reduction from \$.175 to \$.112 per kilogram of steamed rice, from \$.022 to \$.014 per kilogram of milled rice (semi-milled rice), and from \$.069 to \$.044 per kilogram of broken rice.

Regarding export subsidies, the United States has promised to set a ceiling on the quantity of rice exports subsidized and on budgeted expenditures for export subsidies. The amount of rice exports receiving subsidies, and budgeted expenditures for rice export subsidies will be a respective 21 and 36 percent lower than the average for the 1986 - 1990 base period. The annually permitted amount of exports subsidized, and budgeted expenditures are shown in the following table:

Table 1. U.S. Rice Export Subsidy Reduction Promises

	1995	1996	1997	1998	1999	2000
Quantity (1,000 tons)	272	225	178	132	85	39
Budget expenditures (\$1,000)	15,706	13,038	10,371	7,704	5,036	2,369

Source of data: USDA, 1994.

In addition, numerous rice producing countries in Asia (such as Thailand) promised during the Uruguay Round negotiations not to expand the use of domestic agricultural support policies that distort the rice trade. Thus, the

trend toward liberalization of the rice trade will promote exports of China's rice.

It must be pointed out that as the world rice trade climate improves, rice trade competitiveness will depend more and more on rice quality and the tastes of consumer countries; therefore, not only must China's rice exports compete with those of traditional rice-exporting countries such as Thailand, but they will also face quality improvement and structural readjustment pressures.

C. Impact on Wheat Trade

China is one of the main customers of the world wheat market. Because of its demand for grain stemming from population increase and economic development, China will continue to be a principal wheat importing country for many years to come.

Once the Uruguay Round agricultural agreement takes effect, an upturn in world wheat prices will affect China's wheat trade in two ways: 1) It will spur domestic production, increasing domestic wheat supply capabilities to a certain extent. 2) It will increase foreign exchange payments for wheat imports, thus reducing the amount of wheat imported. This means that changes in world grain supply and demand will not cause an expansion of China's grain imports. On the contrary, looked at in terms of the effect of the Uruguay Round agricultural agreement per se (i.e., without taking into consideration China's population increase and economic growth), it may spur China to take action to increase grain self-sufficiency to reduce grain imports.

Specifically, the agreement reached during the Uruguay Round negotiations whereby China's two main markets for the importation of wheat, the United States and Europe, will reduce subsidies means that China can no longer import wheat from these markets at relatively low prices as in the past. Likewise, this will have far-reaching effects on the direction of flow and prices in the world wheat trade, and it may change, to a certain extent, the world wheat trade pattern.

1. EU export subsidy concessions: 1) The EU has promised that it will reduce the amount of wheat exports subsidized and budget expenditures for export subsidies. Thus, both will be lower than at present. By 2000, the EU will subsidize will subsidize a maximum of 13,436,000 tons, 6.8 million tons less than during 1991-1992. 2) Market access opportunities: The EU will preserve present wheat import access opportunities by maintaining the price differential between the present wheat import price and its support price. This will ensure no further rise in the level of wheat protection.

2. United States market access promises: 1) The United States has promised a 55 percent per year reduction

in wheat and wheat seed tariffs over a six year period beginning in 1995. It will reduce durum wheat tariffs a maximum of 15 percent. 2) Export subsidies. The United States has promised to establish a ceiling on the amount of subsidized wheat exports and budget expenditures. During the final year of the implementation period, the amount of wheat subsidized and the expenditure budgeted for subsidies will be a respective 21 and 36 percent lower than the average figure for the 1986-1990 base period. Concessions will begin at the average level for 1991-1992. The amount of wheat that can be subsidized, and budgeted expenditures each year during the implementation period are shown in the following table:

Table 2. U.S. Promised Wheat Export Subsidy Reductions

	1995	1996	1997	1998	1999	2000
Quantity (1,000 tons)	20,238	19,095	17,952	16,809	15,665	14,522
Budget expenditures (\$1,000)	765,499	685,162	604,825	524,488	444,152	363,815

Source of data: USDA, 1994

Therefore, the regional structure of the grain trade may change. China may gradually increase the importation of wheat from wheat-exporting countries that never have subsidized wheat much and whose prices have changed but little (such as Australia and Argentina). During the period of implementation of the agricultural agreement, to a very large extent, the amount of wheat that China continues to import from the United States and Canada will depend on the development of bilateral trade relations and on wheat quality.

D. Effect on Coarse Cereal Grain Trade

The effect of the Uruguay Round agricultural agreement on coarse cereal grains such as corn, is also extremely marked. Promises that the principal importing and exporting countries made during the Uruguay Round negotiations are as follows:

1. Japan. Japan will increase access opportunities for imports of corn and barley used for industrial purposes. By 2000, Japan will increase the quantity of zero tariff imports of corn for industrial use by another 450,000 tons on top of the current 3.75 million tons, all of the

increased imports being listed under the "new uses" category. The 330 tons of this additional amount (i.e., 60 percent of the new quota) will be tariff-exempt. During the implementation period, Japan will also increase the existing 1.318 million ton rice import quota by an additional 8,500 tons per year. By 2000, the final tariff rate quota will be 1.369 million tons.

2. South Korea. South Korea promises to reduce the within-quota tariff on corn used for livestock feed from 3 to 1.8 percent during the 10 year implementation period. South Korea also promises to establish minimum import access opportunity.

3. South Africa. South Africa promises to hold at a relatively low level the tariff quota on corn livestock feed, practicing virtually free trade in corn livestock feed.

4. The EU. The EU promises export subsidy concessions as follows: It promises to reduce the amount of subsidized livestock cereal grain exports and export subsidy budgeted expenditures. The EU promises to permit export of a maximum of 9.973 million tons of subsidized coarse grain by 2000, which is a 2.651 million ton decrease from the average level for 1986 through 1990.

Market access promises: The EU will readjust its imports of corn livestock feed and other non-cereal grain blended livestock feeds, retaining the requirement of the "expanded agreement" to purchase at least two million tons of corn, and 300,000 tons of sorghum. The EU will also retain the Portuguese corn quota (requiring the purchase of 500,000 tons of Portuguese corn). The EU promises to retain its existing corn, barley, and rye market access opportunity on this basis. It will achieve this primarily by maintaining the differential between the import price and the support prices of these products. This will enable the EU to adopt a protection level for these products that does not exceed the present level of protection.

5. The United States. Promises on market access: The United States promises to reduce tariffs on livestock feed cereal grains by between 55 and 75 percent in equal increments over a six year period beginning in 1995. This includes a reduction in the basic tariff from \$0.34 to \$0.05 per kilogram on yellow corn; from \$0.34 to \$0.15 per kilogram on barley; from \$0.77 to \$0.35 per kilogram on wheat used for livestock feed; from \$0.88 to \$0.22 per kilogram for sorghum; from \$0.70 to \$0.32 per kilogram on millet; and no tariff on buckwheat (no tariff is presently collected). Promises on export subsidy reductions: The United States promises to set an upper limit on its export of subsidized coarse grains and budget expenditures for export subsidies. During the final year of the implementation period, exports of

subsidized coarse grain and budget expenditures will be reduced by 21 and 36 percent respectively from the 1986-1990 base period level.

The following table shows permitted subsidized export quantities and budget expenditures during the implementation period:

Table 3. Promised United States Coarse Grain Export Subsidy Reductions

	1995	1996	1997	1998	1999	2000
Quantity (1,000 tons)	1,906	1,837	1,768	1,691	1,630	1,561
Budget Ex- pendi- ture (\$1,000)	67,735	63,412	59,088	54,765	50,441	46,118

Source of data: USDA, 1994

Additionally, some countries such as Sweden, Finland, and the Philippines also promised to maintain minimum import access levels during the period the agreement is in force. Thus, by 2000, access to the coarse grain market will increase 500,000 tons each year over the 1986-1990 base period level.

Clearly, once the Uruguay Round agricultural agreement takes effect, China will have greater opportunity to increase corn exports to the Japanese and South Korean markets. Furthermore, with the reduction of United States and European subsidies and supports, the competitiveness of China's corn in world markets may rise further; thus, coarse grains such as corn may have the richest market potential of all China's grain trade exports.

II. Basic Trends in China's Grain Trade Following the Uruguay Round

The above analysis suggest a general trend in China's grain trade in the wake of the Uruguay Round as follows:

A. The taking effect of the Uruguay Round agricultural agreement may provide opportunity for further reform of China's agricultural policy. As China moves increasingly toward a market economy, the government will have to correct present policy orientations extremely detrimental to agriculture if it is to be able to face

the various challenges that world market changes bring. During the next 10 to 20 years of China's high speed economic growth, in particular, the enormous pressure on grain demand of tremendous population growth, and relatively scant agricultural resources may create difficulties that will be difficult to solve for a long time to come. Therefore, during the present critical juncture in China's economic development, changes in world grain markets may spur the Chinese government's resolve to solve domestic grain supply problems. The Uruguay Round agricultural agreement's separate provisions on agricultural policy reform (such as the "green box" policy), and the relatively favorable treatment of developing countries, provide available frameworks for China's readjustment of agricultural policies. Strengthening the basic position of agriculture in the national economy to enable macroeconomic policies and agricultural policies to change toward a direction that is favorable to the development of agriculture that improves agricultural product, including grain, and effective supply capabilities, has become a basic policy choice for China's future adjustment to world grain market changes.

B. Even though the liberalization of world agricultural products trade brings market opportunities for China's grain exports, future increases in China's grain exports will still depend on improvement of its grain quality. Trade liberalization may lead to more intense market competition, but this competition is based on quality and comparative benefit rather than on price. The key to whether China's rice, corn, and soybeans can find markets in developed countries during the liberalization of trade lies in whether they are of a quality to do so. This is particularly true for rice. The Japanese and South Korean markets are gradually opening up. For China to enter them and be able to take a substantial market share may require making a start now. China must focus on the quality and taste requirements of the Japanese and South Korean rice markets. China must consider systematically the varieties to be bred, farming region plans, processing technology, packaging, and marketing. In addition, the shortage of domestic communications, transportation, and storage facilities are also important limiting factors that adversely affect China's grain exports.

C. The conflict between scant resources and increase in demand suggests that the trend toward China's importation of grain from the world market is irreversible. The key to the problem lies in whether China's future grain imports will have a further adverse effect on world grain markets in the wake of the Uruguay Round (such as stimulating further rise in world grain prices, and increasing pressures on low income, net grain importing countries). The rise in world grain prices as a result

of the liberalization of agricultural trade will increase China's foreign exchange outlays for grain imports. For a country with such a huge population as China, just how great a benefit-loss differential exists between a grain import policy versus a grain self-sufficiency policy? This awaits our further analysis and evaluation. However, one can predict at least that the agricultural reforms that the Uruguay Round agricultural agreement triggers will not widen the future gap between China's grain supply and demand. Conversely, we believe that with the further readjustment of domestic policies in a direction beneficial to agriculture, particularly technological progress and structural readjustments, the gap between supply and demand for grain can be narrowed to a certain extent. Put succinctly, in the wake of the Uruguay Round, except for providing trading partners required market access opportunities as promised, China will not enter the world market as a major grain buyer.

Even though the GATT Uruguay Round made progress in liberalizing trade, the trade preference arrangements beneficial to the export trade of developing countries saw erosion. Therefore, in today's world in which the trend is toward regionalization, the formation of blocs, and integration, for a developing country like China, steady development of the grain trade still depends on the development of bilateral and multilateral economic and trade relations. Inasmuch as China does not yet belong to a regional economic organization, in particular, it must improve economic cooperation with Hong Kong, Macao, and Taiwan, and develop economic relations with Japan, South Korea, and the countries of southeast Asia so that China's grain trade avoid may the adverse effects of new protectionism.

***PRC: Plans To Modernize Agriculture Outlined**
96CE0043A Beijing GUANLI SHIJIE
[MANAGEMENT WORLD] in Chinese 24 Sep 95
No 5, pp 190-192

[Article by Huang Peimin (7806 3805 3046) and Tan Zhihao (6009 1807 6275), Chinese Academy of Agricultural Science, and Lu Guoying (0712 0948 5391), Chinese Agricultural Mechanization Institute: "Agro-industry and Infrastructure Building, and the Development of Modern Agriculture"]

[FBIS Translated Excerpt] [Passage omitted] 4. Objectives and Ways of Developing Chinese Agro-industries and Infrastructure

Chinese and foreign experience shows that the building of agro-industries and agricultural infrastructure are prerequisites for the modernization of agriculture, and are the main foundation for the sustained development of agriculture. Therefore, during the 1990s and on into the

beginning of the next century, China must pay extremely close attention to the development of agro-industries, and to further improvement of the agricultural infrastructure in order to assure agro-industry supply of the means of production, raise the physical and technical equipment level, and speed up the modernization of agriculture.

(1) Agro-industry and Infrastructure Development Goals

I. Agro-industry Development Goals

Chemical Fertilizer Production Capacity: Ministry of Chemical Industry plans (and the same applies hereinafter) call for an output of 130 million tons of chemical fertilizer (26 million tons of pure chemical fertilizer) in 1995, and 150 million tons (32.65 million tons of pure chemical fertilizer) by 2000; the ratio of China-produced nitrate, phosphate, and potash chemical fertilizer should reach 1: 0.33: 0.02 in 1995, and 1:0.4:0.05 in 2000; actual fertilizer application should amount to 1:0.4:0.2 (a corresponding percentage being imported). A vigorous effort is to be made to develop compound fertilizers, such fertilizers to account for 30 percent of all chemical fertilizer by 2000; and highly concentrated fertilizers contain should contain 30 percent or more effective nutrients and account for more than 60 percent of output.

Agricultural Pesticide Production Capacity: Ministry of Chemical Industry plans call for maintenance of agricultural pesticide output at between 240,000 and 250,000 tons by 2000; readjustment of the product mix is to increase the percentage of herbicides and bactericides, and to develop more than 20 highly effective, low toxic, safe, economical, and convenient new kinds of pesticides, and to increase the number of new agents.

Agricultural Plastic Production Capacity: Output in 1995 is to reach between 370,000 and 410,000 tons, increasing to 800,000 tons by 2000, according to Ministry of Chemical Industry plans. Development of raw materials needed to satisfy the demand for agricultural plastic such as polyethylene, polypropylene, polyvinyl chloride, and adjuvants must be accelerated.

Farm Machinery Power Availability: In 1995, farm machinery power is to reach between 370 and 390 million kilowatts, increasing to between 440 and 470 million kilowatts by 2000. By 2000, production capacity should reach an annual 200,000 large and medium size tractors, 500,000 small tractors, 10,000 combines, and internal combustion engines producing 58.8 million kilowatts. Output of farm trucks, farm diesel oil, and rural electricity should gradually increase to set the stage for the modernization of agriculture.

Livestock Feed Industrial Production Capacity: By 2000, mixed and blended livestock feed production capacity is to reach more than 70 million tons. The chemical industry sector must provide 250,000 tons of livestock feed calcium hydrogen-phosphate, 50,000 tons of amino acids, and between 20,000 and 30,000 tons of mildew preventive, as well as copper, iron, manganese, zinc, iodine, and selenium trace element additives.

II. Objective of Building Agricultural Infrastructure

Full Exploitation of Agricultural Resources: The objective is to keep the country's total cultivated area basically steady and to reclaim an area no less than the amount of cultivated land removed from cultivation for other uses (30 million mu or more of wasteland being reclaimed for farming); to make 270 million mu of medium and low yield fields more productive, to afforest 100 million mu, to build or improve 300 million mu of pastureland, and to improve 25 million mu of medium and low yield water surfaces.

Farmland Water Conservation Infrastructure: Build and improve a number of large irrigation and drainage projects, to increase the effectively irrigated area by a net 80 million mu by 2000; the country's total effectively irrigated area should total 800 million mu. Control erosion over a 400,000 square kilometer area.

Increase the amount of equipment used in agricultural production, and build a system to improve the supply of materials used in agriculture to ensure basic needs for the modernization of agriculture and material requirements for the development of agricultural production.

Improve agricultural markets and the post-production processing, storage, transportation, and marketing systems for the gradual formation of a farm produce market circulation system suited to requirements for building a socialist market economy.

Bolster agricultural research, education, and the spread of technology; forecast and report on farm, livestock, and fish diseases and insect pests; inspection of farm, livestock, and aquatic product quality; and monitor the ecological environment, and improve needed facilities, apparatus, and equipment.

A. Development Avenues and Policy Choices

1. Accelerate development of agro-industries. The modernization of agriculture requires speedier development of agro-industries to increase the means of production capacity of agro-industry, and to narrow, as quickly as possible, the gap between current output and demand, while simultaneously increasing imports moderately to the extent that is economically justified to make up for

the lack of domestic production capacity. First is the need to increase the percentage of investment in agro-industries, bringing investment to 5 percent or more of total national investment in infrastructure. (During the Seventh Five-year plan, it was 1.3 percent, and the all time high was 5.4 percent during the Fourth Five-year Plan). Make plans as rapidly as possible for a number of key agro-industry projects, particularly key production enterprises in the farm machinery, chemical fertilizer, agricultural pesticide, agricultural plastic, and livestock feed areas that are at the advanced world level of the 1980s, and accelerate the technological transformation of existing agro-industry enterprises by bring in new technological equipment, developing new varieties, and improving product quality and economic returns. Second, the national government must provide support in the form of funds, energy, communications and transportation, and raw and processed materials for agro-industry enterprises that produce means of production in seriously short supply. The national government must provide research funds and tax support for research and production of new agricultural means of production.

2. Improve Agricultural Infrastructure. In view of the country's limited financial resources, and the vastness of rural areas, a policy for building agricultural infrastructure must be adopted in which "the national government, local governments, collectives, and individuals work together," "those who benefit doing the building." The national government and local governments should bear primary responsibility for building large and medium size agricultural infrastructure that produces large social returns. Small scale agricultural infrastructure projects having a direct bearing on producers' own interests within a small area, and projects whose economic returns are fairly marked should be shouldered mostly by the producers and the beneficiaries themselves. For example, the reclamation for agriculture of large tracts of wasteland should be done mostly by the national government and local governments, but the peasants themselves should reclaim small, scattered plots of wasteland. The state and local governments should organize the building of large and medium size farmland water conservation projects, but individual townships and villages should raise money to build small scale farmland water conservation projects. Comprehensive development of agricultural resource areas and the transformation of medium and low yield fields is capital construction whose social benefit is markedly greater than direct economic benefit; thus, for the most part, national government and local governments should organize such projects as well. However, the harnessing of small river basins affecting a relatively small area should be organized by townships and villages, the peasants doing the work. Agricultural infrastructure of a productive char-

acter, such as the purchase of large and medium size farm equipment and the building of livestock barns and poultry coops, should be the responsibility of producers themselves inasmuch as they are projects that produce fairly marked economic returns. When necessary, the state and local government may provide moderate subsidies.

3. Suit general methods to specific circumstances, developing selectively and emphatically. Since China's land area is vast, it has a complex and diverse ecological environment. In addition, the influence of social, economic, and technological factors has produced endlessly varied economic regions (or zones). The "Study of the Overall Production Capacity of Chinese Agriculture," divides the country into six regions on the basis of the natural agricultural ecology, namely northeast, north, the middle and lower reaches of the Chang Jiang, south, southwest, and west China, data entry analysis (DEA) methods, compute ranking of the contribution of several production elements to grain output, and overall trends in each region are all in agreement, yet there are also marked changes. In north China, in the middle and lower reaches of the Chang Jiang, and in south China chemical fertilizer, irrigation, and superior varieties are the main emphasis, but their specific contribution rates also vary. In northeast China, chemical fertilizer, superior varieties, and irrigation are the main emphasis. In southwest China, irrigation, chemical fertilizer, and work animals are the main emphasis, and in west China, irrigation, chemical fertilizer, and work animals are the main emphasis. Therefore, material inputs must be made and agricultural infrastructure built selectively and emphatically on the basis of regional characteristics.

The modernization of agriculture requires not only continued building of farmland water conservation, but also assigning an important position to agrochemical industries, notably chemical fertilizer, agricultural pesticides, and agricultural plastic raw materials industries, as well as to livestock feed additives, agricultural engineering projects, and energy for agriculture. The mechanization of agriculture requires due consideration to facts, and the need to move ahead gradually. In places where the level of economic development is fairly high, where a fairly large amount of the work force has shifted into occupations other than farming, and where natural conditions are relatively good, mechanization of farming and breeding industries in succession can develop first. In impoverished mountain regions and places that have a fairly large amount of manpower, processing and transportation may be mechanized first to help people get out of poverty and become prosperous, and agricultural tasks that really are in need may also be mechanized first.

4. Increase state investment of funds in building agricultural infrastructure. As the most important basic industry in the national economy, agriculture should be the focus of state investment like other basic industries such as energy, transportation, and raw and processed materials, and it should rank first among basic industries. This means that other investment projects should be planned only after the needs of agriculture and agro-industries have been satisfied. Investment in agricultural infrastructure has declined greatly in recent years. Expenditures for the building of agricultural infrastructure have fallen as a percentage of total national expenditures for capital construction from 10.5 percent during the Fifth Five-year Plan to 5.1 percent during the Sixth Five-year Plan, and 3.3 percent during the Seventh Five-year Plan. Inasmuch as a very large amount of investment in agriculture remains unpaid, governments at all levels and departments concerned positively cannot take a wait-and-see attitude about increasing investment in agriculture. They must take concrete action, and they must decide in legal form the percentage of investment in agro-industries and in the building of agricultural infrastructure. It should be pointed out that the peasants account for the lion's share of total investment in agriculture, but peasant investment is limited by the external climate, and it is also affected by national government investment. Peasant enthusiasm for investment in agriculture can rise only with government encouragement and policy guidance. In addition, while increasing national budget investment in agricultural infrastructure, conditions must be created for increasing nonbudget investment in agriculture. It is particularly necessary to guarantee that the preferential conditions of World Bank and other foreign loans for agriculture are used entirely for agriculture. The enthusiasm of all quarters must be aroused for raising money in many ways. Their interest in taking part in the building of agro-industries and agricultural infrastructure must be stimulated. This is an important way to accelerate the modernization of agriculture.

***PRC: National Grain Procurement Figures Reported**

96CE0123R Beijing JINGJI RIBAO in Chinese
19 Jan 96 p 1

[FBIS Summary] As of 10 January, China had procured 80.09 billion kilograms of grain, fulfilling 89.8 percent of planned procurement. As of 10 January, China had procured 45.31 billion kilograms of contract grain, fulfilling 90.6 percent of the plan, an increase of 1.94 billion kilograms over the same period in 1995. Market procurement totaled 34.785 billion kilograms, fulfilling 87 percent of the plan.

PRC: Use of New Rice Transplanting Technique Spreading

OW0602101296 Beijing XINHUA in English
0823 GMT 6 Feb 96

[FBIS Transcribed Text] Hangzhou, February 6 (XINHUA) — A modern rice transplanting technique which can raise both output and efficiency has been popularized in more than 20 Chinese provinces, autonomous regions and cities.

The new technique, known as the seedling-throwing method, can increase the per-unit yield by 100 kg and raise work efficiency by five to seven times compared with conventional methods, said an agriculture expert.

More importantly, it can relieve farmers from the suffering of bending over for hours every day during the transplanting season, he added.

The acreage covered by the technology expanded to 682,000 ha in 1995, according to a national conference on the spread of the technology held in this capital of east China's Zhejiang Province.

One quarter of the paddy fields in rural Shanghai have adopted the technique. The area sown with the new method has been enlarged year by year in northeast China's Jilin, Liaoning and Heilongjiang provinces, central China's Hunan and Hubei provinces and east China's Zhejiang and Fujian provinces.

By the year 2000 the technique will be applied on four million ha of paddy fields throughout China.

PRC: Guangxi Tops Nation in Sugar Production

OW0502124396 Beijing XINHUA in English
0847 GMT 5 Feb 96

[FBIS Transcribed Text] Nanning, February 5 (XINHUA) — The Guangxi Zhuang Autonomous Region has become China's largest sugar producer.

A survey shows that the region produced an average annual amount of two million tons of sugar in the 1991-1995 period, accounting for one third of the country's total.

Located in the country's subtropical area, Guangxi is ideal for growing sugarcane.

While setting up 18 sugarcane production bases, the region has invested 2.2 billion yuan in upgrading or building 170 sugar refineries over the past five years.

The development of the sugar industry has helped boost the local foodstuffs, medicine, papermaking, chemical fertilizer, machinery and transportation industries. Many farmers have become well-off by planting sugarcane.

At present, the region is working out measures to boost the annual sugar output to three million tons by the year 2000.

Central-South Region

PRC: Guangdong Improves Transportation Infrastructure

OW2901025396 Beijing XINHUA in English
0237 GMT 29 Jan 96

[FBIS Transcribed Text] Guangzhou, January 29 (XINHUA) — South China's Guangdong Province, the pace-setter in reforms and opening up, has greatly improved its transportation infrastructure over the past five years, a provincial government official said.

Transportation infrastructure was a bottleneck for a long time, but now reflects the rapid, steady growth of the local economy, the official said.

Guangdong built 25,300 km of highways during the 1991-1995 period, 25 times the figure of the 1986-1990 period.

The official noted that the province increased railway lines by 613 km and the handling capacity of ports by 40.96 million tons.

Guangdong also installed telephone switchboards with a total capacity of 8.2 million lines, he said.

Major transportation projects completed during the period include the Guangzhou-Shenzhen express railway, the Yaogu-Maoming section of the Sanshui-Maoming railway, the Guangzhou-Shenzhen freeway, Yantian Port in Shenzhen, and the Guangdong telecom network.

PRC: Zhuhai Cabbies Said To Strike Against Traffic Police

HK1601084196 Hong Kong HONGKONG
STANDARD in English 16 Jan 96 p 6

[By Cecile Kung]

[PTS Transcribed Text for FBIS] More than 1,000 taxi drivers in the Zhuhai Special Economic Zone, which borders Macao, went on strike yesterday to protest against arbitrary punishment by traffic police.

About 300 drivers parked their taxis near Wanzai in western Zhuhai, while 700 others suspended business around the city.

Two drivers were reportedly arrested, while those gathering near Wanzai were sent away by the police after some mediation.

However, officials at the Zhuhai municipal government and the Public Security Bureau denied the strike action had taken place.

"No, I've never heard about the incident," a municipal government spokesman said.

Another police spokesman, surnamed Zheng, also said he knew nothing about the strike.

Television reports said the Zhuhai drivers staged a strike and gathered around Wanzai about 9 am yesterday.

The drivers, mostly migrant workers from other parts of China, complained that their driving licences were often revoked by the authorities, while minor charges were met with heavy fines.

The drivers also complained that Zhuhai police, who suspended licences for up to six months, had driven them into serious hardship since they could not earn a living without a licence.

Armed police and public security officers were sent to disperse the 300 taxi drivers in Wanzai and taxis were towed away. All drivers had their licences confiscated.

The police also blocked traffic in Nanwan Boulevard, a major route to western Zhuhai, in the afternoon to avoid more taxi drivers gathering in the area.

Residents in the affected district also complained that they had to walk a few kilometres before they could catch public transport.

Television reports said public transport in Zhuhai was severely affected when half of the taxi drivers began their strike.

However, police spokesman Mr Zheng said transport had not been disrupted.

"No, I didn't notice anything different in traffic. There are many taxis running on the roads," he said.

It is unknown whether the two taxi drivers arrested would be charged for the first-ever protest in Zhuhai.

PRC: Pearl River Delta Sees Growth in Heavy Industry

OW0302150096 Beijing XINHUA in English
1356 GMT 3 Feb 96

[FBIS Transcribed Text] Guangzhou, February 3 (XINHUA) — The Pearl River Delta in south China has witnessed a speedy development in heavy industry in the past few years.

Earlier the region achieved fruitful results in exporting food, house-hold appliances, garments, and sneakers.

In order to restructure the industrial mix, local authorities of cities and counties in the region have invested a total of 30 billion yuan in heavy industry in recent years.

Two projects to produce 115,000 tons and 300,000 tons of ethylene are under busy construction in this capital city of Guangdong Province and Maoming, respectively.

A chemical industry base was set up in Zhongshan City. In the coming five years, the base will use one billion yuan more to lift its annual output value to five billion yuan.

Huizhou City will join hands with Holland's Shell Group to set up a petroleum refining enterprise to process 450,000 tons of ethylene as well as other products annually.

An iron and steel production base and a steel tube base have been formed in Guangzhou and Zhongshan, respectively.

A steel plate production base in Sanshui produced 102,000 tons of galvanized sheet last year, which occupied 75 percent of the country's market, with sales income to hit 780 million yuan.

PRC: Guangxi Reports Rapid Economic Growth
OW2901070996 Beijing XINHUA in English
0642 GMT 29 Jan 96

[FBIS Transcribed Text] Nanning, January 29 (XINHUA) — Southwest China's Guangxi Zhuang Autonomous Region has reported faster economic growth than any other region inhabited by people of minority ethnic groups, according to a top local official.

Cheng Kejie, chairman of the Guangxi regional government, said that Guangxi scored an average annual economic growth rate of nearly 17 percent during the 1991-1995 period, five percentage points higher than the national average.

The region's gross domestic product — the value of goods and services produced — reached 166.6 billion yuan in 1995, he said.

The per-capita net income of urban residents was 4,289 yuan last year, 2,840 yuan more than in 1990, and that of rural residents 1,446 yuan, an increase of 800 yuan.

Cheng also cited the following figures to illustrate Guangxi's economic boom last year:

- Grain production totaled 15.25 million tons, up 69 percent from 1990;
- Sugar cane output came to 25.4 million tons, nearly double the 1990 figure;
- Fruit production reached 2.67 million tons, 2.26 times the amount in 1990; and
- Pork, beef and mutton production output 2.04 million tons, 3.13 times the 1990 figure.

Guangxi's industrial added value came to 58.7 billion yuan in 1995, rising at an annual rate of 28 percent since 1990, he added.

He said, "We have done our utmost to speed up infrastructure construction and the development of basic industries, in a bid to sustain Guangxi's economic growth."

The region has invested a total of 130 billion yuan in fixed assets since 1991, 3.8 times the amount during 1986-1990 period.

As a result, 29 key construction projects have been completed, he said. They include a highway linking the regional capital of Nanning to Wuzhou, another from Nanning to Pingguo, a railway between Qinzhou to the port city of Beihai, the Liuzhou and Wuzhou airports, the Yantan Hydroelectric Power Station and the Liuzhou Thermal Power Plant.

Since 1991 Guangxi has added 1,000 km of highways and 98 km of railways, and has increased its port handling capacity by seven million tons, and power installed capacity by 2.25 million kw and telephone switchboard capacity by 1.2 million lines.

Imports into and exports from Guangxi have aggregated 10.25 billion US dollars since 1991, 2.7 times the amount during the 1986-1990 period, he said.

The region has brought in 3.33 billion US dollars in overseas since 1991, ranking 11th among China's 30 province-level areas.

Meanwhile, tourism in the region, best known for the picturesque scenes in Guilin, has earned 507 million US dollars in hard currency, a 72 percent increase over the total during the 1986-1990 period.

PRC: Guangxi Sentences 5 in Auto Smuggling Ring
OW0102165996 Beijing ZHONGGUO XINWEN SHE
in English 1221 GMT 1 Feb 96

[FBIS Transcribed Text] Nanning, February 1 (CNS) — A case concerning the smuggling of 798 cars that caused a sensation throughout the country was tried in the Qinzhou Intermediate People's Court, Guangxi recently. Five criminals were sentenced to imprisonment while a fines were imposed on four commercial entities.

The incident took place in April 1993 and involved Ning Sun whose whereabouts are unknown, from Hong Kong, Zeng Biao, the former manager of the Chemical Industry Branch of Liuzhou Foreign Economic and Trade Company, Luo Peng, the former manager of Beihai Industrial Supply and Marketing Company, Pei Yuchun, the former manager of Qinzhou Material Corporation,

Chen Zuxiang, the former manager of the 20th Trade Department of Qinzhou Foreign Trade Company and Wu Jiangqin, the former cadre of the Chemical Industry Branch of Liuzhou Foreign Economic and Trade Company. They were charged with smuggling 798 South Korean cars under the auspices of barter trade subsequent to their racket being discovered by Fangchenggang Customs.

The verdict of the Intermediate People's Court was that the five together with four companies had committed the criminal offence of smuggling. Zeng Biao was sentenced to seven years' imprisonment; while the other four were given sentences ranging between four and five year. The four companies were fined RMB (Renminbi) 300,000 and the 798 cars were confiscated.

PRC: Hainan Cites Results in Curbing Economic Overheating

OW3001034396 Beijing XINHUA in English
0316 GMT 30 Jan 96

[FBIS Transcribed Text] Haikou, January 30 (XINHUA) — Macro-economic controls have had some remarkable results in this southern island province.

The government's actions have slowed real estate development, curbed overheated economic growth, and put the economy on a healthier path, said a local economist.

Revenues, investments, and industry have bounced back from a decline in the first half of last year to a gradual increase in the latter half of the year.

Added output value of industry increased by 16 percent and that of agriculture up by 12.2 percent.

Although Hainan's gross domestic product (GDP) grew at a slower pace in 1995, its pillar industries, including tourism, expanded rapidly.

Investment in fixed assets last year was cut by 10 percent, and stood at 19.65 billion yuan. Real estate investments was reduced by 45.3 percent while funds for agricultural and industrial infrastructure rose 48 percent.

The amount of foreign investment used in local construction last year registered a 15.6 percent increase, totalling 1.46 billion U.S. dollars.

New industrial projects such as cold-rolled plate, non-woven cloth, and plywood plants are expected to start operation this year.

PRC: Hainan Economists Urge More Preferential Policies

OW0402162896 Beijing XINHUA in English
1423 GMT 4 Feb 96

[FBIS Transcribed Text] Haikou, February 4 (XINHUA) — Economic experts in Hainan, China's largest special economic zone, have proposed further opening to join the current free trade trend in the Asia-Pacific region.

Scholars at the China (Hainan) Reform and Development Research Institute said that the island province should take advantage of its geographical position to establish an export-oriented economy, so as to join in time the economic take-off of the Asia-Pacific region.

Their proposals include issuing more preferential policies to foreign investors, increasing agricultural and tourism input, exploiting marine resources further, and developing a free trade zone and an international tourism center.

Hainan Province, separated from the mainland by the Qiongzhou Straits, is the second-largest island in China, and was approved as the country's fifth special economic zone in the late 1980s.

PRC: Henan People's Congress Accepts Resignations

SK3001070096 Zhengzhou Henan People's Radio
Network in Mandarin 1030 GMT 29 Jan 96

[FBIS Translated Excerpt] The fourth session of the eighth provincial people's congress held its fourth meeting at the provincial people's meeting hall on the afternoon of 29 January. The meeting accepted the requests of Wang Hongfan, Fan Qinchun, and Zheng Zengmao for resigning from their posts as secretary general of the provincial people's congress standing committee, vice governor of the province, and president of the provincial higher people's court. Executive chairmen of today's meeting included Li Changchun, Ren Keli, Zhang Zhigang, Liu Guangxiang, Fan Lian, Hu Tingji, Hou Zhiying, Qin Kcai, Zhong Lisheng, Wang Hongfan, Song Guochen, Yang Fengge, (Song Guiyun), who were seated in the front row on the rostrum. Hu Tingji presided over the meeting. Also seated on the rostrum were Ma Zhongchen, (Cui Xiaosu), Fan Qinchun, Lin Yinghai, Zheng Zengmao, Li Chengyu, Wang Quanshu, and (Huang Xueyi), leaders of the provincial party, government, and military organizations.

The meeting accepted Comrade Wang Hongfan's request for resigning from his post as secretary general of the eighth provincial people's congress standing committee, accepted Comrade Fan Qinchun's request for

resigning from his post as vice governor of the provincial people's government, and accepted Comrade Zheng Zenmao's request for resigning from his post as president of the provincial higher people's court. The meeting also adopted some other decisions. [passage omitted]

***PRC: Governor Views Henan Economic Development**

96CED118A Hong Kong CHING PAO [THE MIRROR] in Chinese 1 Dec 95 No 12, pp 34-35

[Article by Cheng Ming (6774 2494): "Central Plain Will Be More Open to Outside World — Interview of Henan Provincial Governor Ma Zhongchen"]

[FBIS Translated Text] *Ma Zhongchen says that Henan will be more open to the outside world and warmly welcomes all forms of participation and sharing of benefits from joint ventures, share participation, and sole proprietorships by entrepreneurs from all countries, Hong Kong, Macao, and Taiwan.*

The golden month of October is harvest time on the good earth of the central plain. Henan Province's decisionmakers assembled in Zhengzhou, the capital city, to summarize how well the Eighth Five-Year Plan has been carried out, and to study and think about both the Ninth Five-Year Plan and development plans for the next 15 years. The writer took this opportunity to interview Henan provincial governor, Ma Zhongchen. Ma Zhongchen is a native of Taian in Shandong Province, who was born in September 1936. He has held important county and prefecture leadership positions in Shandong, and he has been secretary of the Shandong provincial government, deputy provincial governor, and deputy secretary of the provincial CPC committee. Later on he served for many years as deputy minister of the national Ministry of Agriculture. He is extremely familiar with agriculture, and his work experience ranges from the grass roots to central government economic agencies. Selection of such a person as governor of Henan Province will help the modernization of this large province. The provincial Governor Ma's straightforward way of doing things and speaking has earned admiration. Thus, when he talks about the present situation on the central plain, he shows great familiarity, and when he talks about the outlook for the future, he is full of confidence.

A Large Province in Terms of Population and Resources

Ma Zhongchen said that its geographic location makes Henan a transitional area between north and south in climate, grain crops, and fruit varieties, as well as different living customs. It is also a transitional

region in the spread of economic development from east to west. Therefore, people from north, south, east, and west find life agreeable here. Both those who like sweet and sour cuisine, and those who like hot food can find something to suit their different tastes here. Consequently, Henan has been an area of dense population in China since ancient times. As of the end of 1994, Henan's population totaled 90.27 million for second place in the country after Sichuan Province, and slightly ahead of Shandong Province. Henan also has abundant natural resources. It has a vast arable land area and fertile soil that is suited for farming, livestock breeding, and raising aquatic products. Since ancient times, it has been an intensely farmed agricultural area. So far 107 different mineral resources have been found underground. (Worldwide, more than 150 different minerals have been developed for use.) Proven reserves have been found for more than 80 kinds, and deposits are located mostly at more than 2,300 sites. Reserves of molybdenum, bauxite, gold, platinum, iron, and kyanite are large and of high grade. Coal is found throughout the northern, central, and western parts of the province with proven reserves totaling 24.5 billion tons. Petroleum and natural gas are also plentiful. The province's famous historical sites and beautiful landscapes have long been famed far and wide. The problem is that many of these resources await development. This is a great undertaking that the sons and daughters of the central plain are tackling diligently today.

Agriculture of Crucial Importance

Ma Zhongchen said that except for the mountainous and hilly western region, Henan's natural topography may be said to be a boundless plain. In the north lies the Huang He; in the center is the Huai He; and in the south lies the upper reaches of the Han Shui, which is part of the Chang Jiang river system. The region is suited for the growing of all kinds of farm crops. The wheat growing season is long, sunlight is ample, outputs are high, and wheat flour quality is good. Sesame remains the king of oil-bearing crops. Grown in a concentrated area, output is the highest in the country. Grain output has remained at around 32.5 million tons, or 370 kilograms per capita, for many years. The province is more than self-sufficient in grain, selling an average of more than 2 billion kilograms each year nationwide. Cotton and flue-cured tobacco quality is superb. The province has historically been a commodity base, shipping cotton and tobacco to other parts of the country and abroad. Watermelons, apples, and Chinese dates are of premium quality, produced in large quantities, and renowned both in China and abroad.

Since the advent of reform and opening to the outside world, township and town enterprises have developed in the midst of readjustments, have improved in the midst of development, and have moved ahead in the midst of improvements. Now Henan ranks among the top five provinces in the development of township and town enterprises after Jiangsu, Shandong, Zhejiang, and Guangdong. The portion of peasant per capita income coming from industry, commerce, transportation, and construction materials industries has risen year by year. The population that has not yet escaped completely from poverty for various reasons is receiving assistance from the central government and governments at various levels. In short, the formerly impoverished and backward rural villages are changing rapidly. Overall, the entire province has begun to move from subsistence to a comfortably well-off standard of living.

Formation of a Multifaceted Industrial System

Ma Zhongchen said that as long ago as the First Five-year Plan period, Henan was a main base in the country for the development of industry. After the development and strengthening that occurred during the Eighth Five-year Plan, an industrial system including the textile industry, light industry, food, coal, petroleum, electric power, metallurgy, the chemical industry, building materials, machinery, and electronics, is fairly complete and it has multifaceted development capabilities which have taken shape. A number of distinctive industrial production bases, namely Zhengzhou, Luoyang, Jiaozuo, Anyang, Puyang, and Pingdingshan have gained strength. In 1994, output of raw coal totaled more than 96 million tons; output of plate glass totaled more than 16 million heavy cases, and electricity output totaled 48.5 kilowatt hours. Industrial gross output value accounted for nearly 80 percent of the gross output value of industry and agriculture.

Striding Toward New Goals

After overfulfilling quotas and completing Eighth Five-year Plan goals ahead of schedule, Henan is working hard on the study and drafting of the Ninth Five-year Plan and a development plan up to 2010. After broad and pervasive consideration of the matter, Ma Zhongchen and other decisionmakers decided that the main emphasis should be on making a large-scale agricultural province into a strong agricultural province, and gradually converting strength in resources into economic strength to reach a new level in overall economic strength. The specific economic target is an economic growth rate of more than 10 percent for a provincial GNP of 466 billion yuan figured at 1995 prices, and a per capita GNP figured at constant 1990 prices and allowing for population increase of

approximately 4,800 yuan, or slightly lower than the national average.

According to Ma Zhongchen, during the next five years, Henan will build up basic industries including agriculture, water conservancy, transportation, communications, and important raw and processed materials. In agriculture, energies will be directed toward increasing inputs, reliance on science and technology for the transformation of 10 million mu of intermediate and low yield fields on the eastern Henan Plain to raise yields and increase output. Every possible means will be employed to help the small numbers of peasants facing hardships in production and daily life to escape poverty. The main emphasis in providing more energy will be the production of electric power to replace the large-scale hauling of coal. It is anticipated that the reduction of coal hauling to increase benefits will require an electric power generator with an installed capacity of approximately 1 million kilowatts each year. At the same time, emphasis will be placed on the development of sideline product processing industries, notably food, on machinery and electronic products such as automobiles, motorcycles, and color display products, on chemical industries primarily the petrochemical industry, the pharmaceutical industry, the coal chemical industry, and on the construction materials industry to support the construction industry. Major efforts will be made to develop non-ferrous metals, coal, petroleum, and natural gas for multiple purposes. On the central plain, not only will money be invested in the building of a number of new projects and new enterprises, but technical transformation will permit a number of essential industries to equip themselves with the sophisticated technology of the 1990s to raise the quality of their products and enjoy the benefits of scale.

Special Emphasis on Opening to the Outside World

Ma Zhongchen said candidly that as an inland province lacking coastal ports for direct contact with international markets, Henan got started late in bringing in foreign capital and technology; therefore, special emphasis must be placed on opening to the outside world. Although the province has opened trade with most countries and territories during the past several years, entered into friendly relations with 22 provinces, counties, and cities, and operated more than 3,900 foreign trade and cooperation enterprises, this is far from sufficient for the development of the central plain. With greater opening to the outside world to propel it, development of the province will soar. *Therefore, entrepreneurs from all countries, and from Hong Kong, Macao, and Taiwan are warmly welcome for joint participation in, and the sharing of benefits from the building of industry,*

transportation, telecommunications, and energy, for the development of agriculture, water conservancy, livestock raising, breeding industries, and resources development, and to help the needy. This applies to both building new projects and enterprises and transforming existing enterprises. Methods of cooperation may be flexible and diverse. Joint ventures, equity participation, sole proprietorships, credit, processing of goods brought into the country from abroad, and selling products back to their place of origin are all welcome. Governor Ma Zhongchen's remarks show that the face of ancient Henan is changing, and that new and more imposing plans will be carried out. If a large province with a population of more than 90 million can rid itself of poverty and take the road to prosperity within not too long a time, the significance will be far greater than the event itself.

PRC: Head of Hubei Business Association Relieved of Posts

OW0202134196 Beijing ZHONGGUO XINWEN SHE in English 1156 GMT 2 Feb 96

[FBIS Transcribed Text] Wuhan, February 2 (CNS) — The Hubei Federation of Commerce and Industry and the Hubei General Chamber of Commerce unanimously endorsed a decision to sack Yu Zhian, the head as well as a standing committee member of both business organizations. The decision was released today.

Yu was the former chairman of the board of the Wuhan Yangtze River Power Holding Company and president of the two business associations. He fled abroad last year. It was said that his departure had caused serious damage to and had an adverse impact upon the three business entities. Following his flight, Yu was dismissed from the company.

PRC: Former Hubei CYL Official Sentenced for Bribery

OW0202145496 Beijing ZHONGGUO XINWEN SHE in English 1302 GMT 2 Feb 96

[FBIS Transcribed Text] Wuhan, February 2 (CNS) — The former vice secretary of the Hubei Provincial Committee of the Communist Youth League [CYL], Yang Zelin, has been convicted of abusing his office by taking bribes and sentenced to five year imprisonment. The Wuhan Intermediate People's Court also confiscated his personal assets of 10,000 yuan as well as the graft money.

The court said that bribes accepted by Yang amounted to RMB [Renminbi] 22,500 and HK\$ 10,000. Yang, 43, was director of a national youth programme and was a member of a committee set up to select ten

provincial outstanding young entrepreneurs as well as ten outstanding youths. During his tenure between July and October 1993, he was accused of misusing his authority by taking bribes on three separate occasions in the sums of 8,000 yuan in cash, a 7,500- yuan Japan made airconditioner and 10,000 HK dollars.

During the period between October 1994 and May 1995, Yang accepted graft money of 7,000 yuan on two occasions when he was assigned to handle the leasing of a ground floor unit of a youth league hostel as well as a used car.

Court sources said that after Yang's arrest, he returned all the bribe money and reported to the authorities crimes committed by other persons. A lighter sentence was given to him in return. Yang said that he was considering an appeal.

PRC: Hubei Party Leaders View Discipline Inspection Work

SK0502060396 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 3 Feb 96

[FBIS Translated Text] The provincial rally to commend the collectives and workers that have advanced in the discipline inspection and supervisory work ended in Wuchang on 3 February. Attending the rally were provincial party and government leaders including Jia Zhijie, Jiang Zhuping, Qian Yuniu, Yang Yongliang, Ding Fengying, Li Daqiang, Liu Rongli, Wang Shengtie, Huang Yuanzhi, Xu Shiqiao, Zheng Yunfei, and Zhong Shuqiao. Jia Zhijie, secretary of the provincial party committee, and Yang Yongliang, deputy secretary of the provincial party committee, delivered speeches one after another.

In his speech, Jia Zhijie stressed the heavy duties discipline inspection and supervisory organs are shouldering under a new situation. He stated: Great efforts should be made to truly carry out and deepen the work of opposing corruption and advocating administrative honesty. And, to deepen the anticorruption campaign, efforts should be focused on improving the political expertise of leading cadres at all levels. He demanded: Leading cadres at all levels should first study well the Marxism-Leninism-Mao Zedong Thought as well as Deng Xiaoping's theory of building socialism with Chinese characteristics in an effort to improve their political and theoretical expertise. They should closely connect themselves with the masses by firmly embracing the consciousness of public servant. They should be self-respect, self-cautious, self-examined, and self-supporting. They should also be strict with themselves to set a good example for the masses.

With regard to strengthening and perfecting the inner-party supervision, Jia Zhiye said: What is most important at present is to satisfactorily tackle the three conspicuous issues raised by Comrade Jiang Zemin. The first issue is to ensure that all party organizations and party cadres are comprehensively and correctly implementing the basic line, basic principles, and various policies of the party, are abiding by and safeguarding the political discipline of the party, and are highly identical to the CPC Central Committee in politics so that the orders and decrees of the CPC Central Committee can be implemented smoothly. The second issue is to ensure that all party organizations and party cadres are correctly exercising their powers, are persisting in the fundamental purpose of wholeheartedly serving the people, and are giving top priority to the interests of the party and the people at all times. In addition, all party organizations and party cadres should never been allowed to abuse powers for personal gains, to use public office for personal gains, and to appropriate public property. The third issue is to ensure that all party organizations and party cadres are strictly upholding and safeguarding the principle of democratic centralism.

Jia Zhiye pointed out: In strengthening inner-party supervision, emphasis should be put in the supervision over leading cadres and over the internal part of leading collectives. The consciousness of supervision should be enhanced, and the strict supervision over party organizations should be combined with the earnest self-discipline of party cadres. The supervisory and functional role of discipline inspection and supervisory organs should be brought into full play. Party committees at all levels should subject themselves to the supervision by discipline inspection commissions of the same level. The provincial party committee should firmly support the work of the provincial discipline inspection commission and consciously subject itself to the supervision by the provincial discipline inspection commission.

Jia Zhiye demanded: Party committees at all levels in the province should further strengthen their leadership over the anticorruption campaign; should persist in the principle of taking a two-handed approach and being tough with both hands; should correctly handle the relations between economic construction and the campaign of opposing corruption and advocating administrative honesty; should perfect and implement the responsibility system for improving the party style and administrative honesty and for attaining the target concerning anticorruption and administrative honesty and the target concerning the economic and professional work; and should strengthen their leadership over the work of discipline inspection and supervisory organs and help these organs perform their duties and functions.

Yang Yongliang pointed out in his speech: All localities and all departments must persist in the guiding ideol-

ogy of launching the anticorruption campaign closely around the central task of economic construction. On the one hand, all localities and departments should enhance the sense of service and increase the dynamics of service by closely centering on economic construction and should gear the arrangements for the work of opposing corruption and advocating administrative honesty to the central work of party committees and governments with a view to providing a major guarantee for the sound development of economic construction. On the other hand, discipline inspection and supervisory organs should facilitate economic construction by performing their functions and duties. The leadership pattern of the anticorruption campaign should be intensified. Party committees should exercise unified leadership over the campaign, party committees and governments should join efforts to manage the campaign, discipline inspection commissions should conduct organization and coordination for the campaign, various departments should each perform their own functions, and the masses should be mobilized to support the campaign. We have gradually explored and formed such a leadership pattern in the practice of opposing corruption and advocating administrative honesty. Its core is to establish the responsibility system for the work of opposing corruption and advocating administrative honesty and to mobilize the entire party to grasp the party style and all circles to grasp administrative honesty with a view to making new contributions to invigorating Hubei.

PRC: 77 Killed in Hunan Explosion

OW0202093096 Beijing XINHUA in English
0834 GMT 2 Feb 96

[FBIS Transcribed Text] Changsha, February 2 (XINHUA) — Seventy-seven people were killed and 117 others injured on the night of January 31 in an explosion in Jiqi Village, Chengnan Township, in the suburbs of Shaoyang City, Hunan Province.

Forty houses were destroyed around the explosion site, local officials said.

Officials of the Shaoyang City rushed to the scene to direct rescue work. Deputy-governor Zhou Bohua and Li Yiheng, secretary of the Provincial Political Science and Law Committee, arrived at the scene early the next morning. They visited victims of the disaster and those who were hospitalized as a result. The leaders also made arrangements for dealing with the aftermath of the accident.

The explosion was caused by workers who were handling explosives in a way that violated laws and regulations, local officials explained.

Southwest Region

PRC: Sichuan People's Congress Accepts Governor's Resignation

OW0502133196 Chengdu Sichuan Television Network
in Mandarin 1130 GMT 5 Feb 96

[Announcer-read report over video; from the "Sichuan News Hookup" program]

[FBIS Translated Text] The Fourth Session of the Eighth Sichuan Provincial People's Congress held its third plenary session this afternoon. Yang Xizong, chairman of the provincial people's congress standing committee, delivered a report on his committee's work. [video opens with a long shot of the rostrum in a large conference hall]

The executive chairmen for today's session were (Wang Tingjie), (Zhu Zhaowen), (Sun Wenqi), (Li Anming), (Yang Famei), (Yang Jiaquan), (Gu Fengbao), Song Dafan, (Luo Huafen), (Zhao Wending), (Guo Zhexuan), (Duan Meiyi), (Wang Danhua), and (Zhang Fenrong). Provincial party committee and government leaders Xie Shijie, Song Baorui, and Pu Haiqing attended today's plenary session. [video shows medium shots of the executive chairmen as their names are read]

Song Dafan, vice chairman of the provincial people's congress standing committee, presided over the session. There were eight items on this afternoon's agenda: 1) Yang Xizong, chairman of the provincial People's Congress Standing Committee, delivering a report on the committee's work; 2) Li Yulong, president of the provincial Higher People's Court, delivering a report on the court's work; 3) Gong Dulun, chief procurator of the provincial People's Procuratorate, delivering a report on the procuratorate's work; 4) approving a decision on the resignations of some members of the provincial People's Congress Standing Committee and special committees; 5) approving a decision on the resignations of some provincial people's government leaders; 6) approving the election procedures of the Fourth Session of the Eighth Sichuan Provincial People's Congress; 7) approving the procedures of the Fourth Session of the Eighth Sichuan Provincial People's Congress for replacing provincial people's congress special committee members; and 8) approving the namelist of the chief vote counter and vote counters.

Entrusted by the Eighth Sichuan Provincial People's Congress Standing Committee, Yang Xizong, chairman of the provincial People's Congress Standing Committee, delivered a work report during the session. In his report, Yang Xizong reviewed the Provincial People's Congress Standing Committee's work over the past year. He said: In 1995, the provincial People's Con-

gress Standing Committee mainly carried out work in the following six areas: 1) Expediting the enacting of local laws to provide legal guarantees for the province's reform, opening up, and economic development; 2) inspecting law enforcement to promote the implementation of laws and regulations; 3) hearing and examining work briefings, and tightening supervision over the provincial government, Higher People's Court, and people's procuratorate; 4) intensifying efforts to publicize the people's congress system and the legal system to heighten legal awareness throughout society; 5) guiding end-of-term elections to township and town people's congresses and doing a good job in people's congress organizational reform; and 6) earnestly examining deputies' motions and handling deputies' suggestions, criticisms, and ideas.

In his report, Yang Xizong arranged the People's Congress Standing Committee's major tasks in 1996: 1) Expediting the legislative process and improving legislative quality; 2) tightening supervision and improving the timeliness of supervision; 3) intensifying publicity and educational efforts regarding the legal system; and 4) strengthening theoretical studies and work abilities. The session approved a decision of the Fourth Session of the Eighth Sichuan Provincial People's Congress on Xiao Yang's resignation as governor of the Sichuan Provincial People's Government; the resignations of Ma Lin and Diao Jinxiang as vice governors of the Sichuan Provincial People's Government; Song Dafan's resignation as vice chairman the Eighth Sichuan Provincial People's Congress Standing Committee and chairman of the Eighth Sichuan Provincial People's Congress Financial and Economic Committee; Rao Yongyu's resignation as vice chairman of the Eighth Sichuan Provincial People's Congress Standing Committee and chairman of the Eighth Sichuan Provincial People's Congress Foreign and Overseas Chinese Affairs Committee; Luo Tongda's resignation as chairman of the Eighth Sichuan Provincial People's Congress Nationalities and Religious Committee; (Luo Kaiwen's) resignation as member of the Eighth Sichuan Provincial People's Congress Standing Committee and vice chairman of the Eighth Sichuan Provincial People's Congress Nationalities and Religious Affairs Committee; (Ren Mingyu's) resignation as chairman of the Eighth Sichuan Provincial People's Congress Politics and Law Committee; (Sun Zhifu's) resignation as member of the Eighth Sichuan Provincial People's Congress Standing Committee and vice chairman of the Eighth Sichuan Provincial People's Congress Politics and Law Committee; and (Ren Jixian's) resignation as member of the Eighth Sichuan Provincial People's Congress Politics and Law Committee.

During the session, Li Yulong, president of the provincial Higher People's Court, and Gong Dulun, chief procurator of the provincial people's procuratorate, respectively delivered reports on the work of the Sichuan Provincial Higher People's Court and People's Procuratorate.

PRC: Lhasa Launches Drive Against Counterfeit Goods

OW0502143696 Beijing XINHUA Domestic Service in Chinese 0608 GMT 30 Jan 96

[By reporter Yang Zhen (1135 3791)]

[FBIS Translated Text] Lhasa, 30 Jan (XINHUA) — An endless array of commodities were on display in the square of Lhasa's Potala Palace on 28 January. Customers vied with each other to sign their names on a long red cloth. It was the scene of a drive to collect 10,000 signatures in Lhasa for "No Fake Commodities Anywhere" activities.

The activities were launched by the Tibetan Autonomous Regional CPC Committee Propaganda Department and the region's trade department. The person in charge of the regional trade department said the activities are of special significance to Tibet, a region in which almost all commodities are brought in from outside. He said: Tibet's 23 state-owned commercial enterprises have made a proposal to all state-run, collective, and individual commercial enterprises to take part in the activities. Some commercial enterprises have begun internal inspections, and overall activities have started being implemented.

Participating in the signature campaign were cadres, servicemen, ordinary citizens, monks, and primary school students.

***PRC: Tibet Business School Teaches Patriotism**

96CM0111A Lhasa XIZANG RIBAO in Chinese 21 Nov 95 p 2

[Article: "Remarkable Achievements Scored in Patriotic Education at Tibet Commercial School"]

[FBIS Translated Text] The Tibet Commercial School has been very effective in using various means to conduct patriotic and moral education to oppose separatism and maintain the unity of Tibet, to counter the corrosion of various mistaken ideologies, to enable professors and students to comprehend the basic standpoint, points of view, and methods of Marxism-Leninism, to raise ideological and political consciousness, to ensure that the commercial school carries out education plans to the full, and to nurture builders of and successors in the socialist cause.

First of all, the Tibet Commercial School has made opposition to the separatism and infiltration of the Dalai Lama clique, protection of the unity of the motherland, and national unity an important part of patriotic education. The school uses mostly positive methods in conducting educational activities, employing radio and television broadcasts, feature articles, panel discussions, workshops, public lectures, the study of policies relating to specific situations, and second classrooms, as well as cultural activities to criticize on a grand scale the separatist statements and ideology of the Dalai Lama clique, to clarify facts that hostile foreign elements have distorted, and to give correct guidance to the students in "love of country, love of Tibet, and love of school." In addition, the school's education administration has taken the lead, and the political department, the student section, and the youth committee have joined in the writing of teaching materials or printed lectures that are pertinent, have a correct standpoint, and are varied. Technical secondary school classes provide courses on "Tibet history and the current situation," and "the Marxist viewpoint on nationalities and on religion," as well as lectures on "where Tibet sovereignty reposes and human rights." These activities give the students a clear understanding of the plots of the Dalai Lama clique to split the motherland. The teaching regimen has taken on a new look.

Second is a major effort to improve education on specific policies. The intensification of reform and opening to the outside world, the development of a socialist market economy, and the steady inauguration of some major reforms and measures have inevitably had a major impact on people's ideological concepts, and other matters. Consequently, the commercial school is devoting major efforts to improving propaganda and study of policies on specific subjects, on reform and opening to the outside world, and on the legal system. The school has organized the students for conscientious study of the various plans and policies of the CPC Central Committee and the autonomous region in combination with RENMIN RIBAO editorials, XIZANG RIBAO editorials, and the spirit of the speeches of central government and autonomous region leaders. Thus, the students will gain an understanding of the true spirit of statements, grasp the correct political orientation, and improve their ideological understanding through the holding of panel discussions, writing, and studying. While improving education in the legal system, the school adheres to the spirit of "working on reform and opening to the outside world with one hand, and working on the legal system with the other." It has invited renowned professors to come to the school to chair discussions on the law, thereby providing students with an initial knowledge of the law. Heavy drinking, fights, and damage to public

property has largely disappeared, and a study atmosphere of unity and mutual health is gradually forming.

Third, is guiding students in establishing solid socialist convictions and communist ideals, and in establishing a correct outlook on life and values. Organization of the students to study the "Study Outline on Theory For Building a Marxist Party," "Selected Works of Deng Xiaoping," and the party history and constitution has helped the students understand that unswervingly taking the course of building a distinctively Chinese brand of socialism is the inevitable choice in China's history to improve students' socialist convictions and education in communist ideology. In addition to setting up political courses, classes in the history of the party are used mostly to improve the ideological and political caliber of professors and students, and to spur the enthusiasm of professors and students for improving. As part of student education in the philosophy of life and values, the school explicitly requires that students not drink alcoholic beverages or dance. Students are also strictly forbidden to enter commercial karaoke studios, electronic game rooms, music bars, and dancing and singing halls. Students are required to overcome money worship, extreme individualism, and hedonism, to establish a philosophy of a life of struggling for the communist cause, and to establish values that contribute to society and to the motherland.

The teaching regimen on the campus of Tibet Commercial School today has changed beyond all recognition. Student interest in studying has risen greatly, and a school atmosphere of unity, fraternal love, and culture is in the process of unfolding. Tibet Commercial School CPC Committee Secretary Li Shucheng [2621 2579 6134] told the reporter that education in patriotism has been unflagging at the Tibet Commercial School. It has received scrupulous attention at every step of the way from admission to graduation. The school's deputy director Jiang Cun [3068 2625] said that the Tibet Commercial School will correctly guide students to understand the importance and the urgency of opposing separatism, relating this instruction to the current situation in the region, and to the transmigration of the Panchen Lama's spirit into the body of a child. It will further intensify student education in patriotism to provide politically qualified human talent for the building of Tibet.

PRC: Aftershock Hits Yunnan 5 Feb

*OW0502104396 Beijing XINHUA in English
1026 GMT 5 Feb 96*

[FBIS Transcribed Text] Kunming, February 5 (XINHUA) — At least 233 people have been killed and another 3,702 seriously injured in the strong earthquake

that rocked southwest China's Yunnan Province Saturday evening, latest reports said.

Also slightly injured in the disaster were 11,073 people, as shown by the tolls taken by 20:00 Sunday [4 February].

According to the National Seismological Bureau, at 00:58 (Beijing time) Monday an aftershock measuring six on the Richter scale jolted the Lijiang quake-stricken area, which was first hit by a strong quake measuring seven on the Richter scale at 19:14 [1114 GMT] Saturday. Also monitored were over 200 smaller aftershocks.

The epicenter of the aftershock is located at 27.0 degrees north latitude and 100.3 degrees east longitude. The epicenter of the first quake is at 27.17 north latitude and 100.5 degrees east longitude, between the two counties of Lijiang and Zhongdian in northwest Yunnan.

The disaster have affected 330,000 people in Lijiang.

A relief headquarters with provincial governor He Zhiqiang as the chief has been set up to organize the overall relief work at an emergency meeting called by the provincial government Saturday evening. About 1,550 local army officers and men and 350 militiamen have been sent to the disaster area.

Early last month seismologists predicted that earthquakes measuring six to seven on the Richter scale may happen in that region.

Since 1930 three earthquakes measuring above six on the Richter Scale have been recorded in the area.

PRC: Yunnan Quake Victims Airlifted for Medical Treatment

*OW0502141196 Beijing XINHUA in English
1355 GMT 5 Feb 96*

[FBIS Transcribed Text] Kunming, February 5 (XINHUA) — China has stepped up airlift efforts to transport victims of the earthquake that struck Yunnan Province Saturday [3 February] evening out to Kunming, the provincial capital, for medical treatment.

The earthquake measuring 7 on the Richter Scale has claimed at least 233 lives, local officials said.

Nine of the seriously injured were airlifted here late last night and have been treated, officials said.

Chen Dingyuan, a 39-year-old postal worker, suffered severe fracture of the cervical vertebrae and was operated on at the Provincial People's Hospital this morning.

Officials said that more injured people will be sent to Kunming over the next few days.

According to the State Seismological Bureau, a strong aftershock measuring six on the Richter Scale jolted the quake-stricken area at 00:58 (Beijing time) Monday. The bureau also warned that more strong aftershocks are possible.

In the past two days, at least 268 aftershocks measuring two or higher have been recorded in Lijiang and Zhongdian counties.

PRC: Yunnan Evacuating Foreign Tourists From Quake Area

OW0502165996 Beijing XINHUA in English
1636 GMT 5 Feb 96

[FBIS Transcribed Text] Kunming, February 5 (XINHUA) — At least 238 people were killed and another 3,800 seriously injured in an earthquake that struck southwest China's Yunnan Province Saturday [3 February] evening, according to the latest official figures.

Some 13,630 people were slightly injured, the province's Deputy Governor Li Jiating told XINHUA this evening, and, since aftershocks continue to rock the area, casualties and property losses continue to climb.

More than 332,600 houses and buildings collapsed and 13,400 head of cattle died in Lijiang and Zhongdian counties.

An aftershock measuring six on the Richter Scale early this morning added to Saturday's quake that measured seven on the Richter Scale.

Seismologists said that more than 268 aftershocks have been recorded over the past two days.

Li said that a group of more than 20 foreign tourists were reportedly blocked at a scenic spot 40 kilometres away from Lijiang, and that one was seriously hurt and four others suffered minor injuries.

The provincial government has instructed local officials to evacuate the foreign tourists group as soon as possible and to provide their names, Li said, noting that, in spite of all-out efforts by the government, the rescue work is hampered by a shortage of funds and disaster-relief supplies.

About 1,550 local army personnel and 350 militiamen have been searching for survivors for the past 48 hours and a number of medical teams have been dispatched to the spot, and airlift efforts have been stepped up to transport victims to other areas for medical treatment.

Since the Red Cross Society of China appealed to the international community for humanitarian aid on Sunday, the Red Cross societies in Hong Kong, Taiwan, and Japan have provided about 190,000 U.S. dollars in cash for purchase of emergency goods.

North Region

PRC: Hebei Party Secretary Emphasizes Opening Up

SK0102120196 Shijiazhuang Hebei People's Radio
Network in Mandarin 2300 GMT 31 Jan 96

[FBIS Translated Text] On the afternoon of 31 January, provincial leaders Cheng Weigao, Ye Liansong, Li Zhanshu, and Cong Fuqi came to the Hebei Assembly Hall to hold a forum with participants of the provincial opening-up work meeting, who are comrades in charge from cities, prefectures, and departments directly under the province. They discussed how to further succeed in opening up to the outside world.

Cheng Weigao, secretary of the provincial party committee, stressed that we should strengthen the leadership over the work to open up to the outside world; establish a well-defined responsibility system; and make greater, faster, and newer progress in our province's omnidirectional drive to open up during the Ninth Five-Year Plan, especially this year. On the afternoon of 31 January, provincial leaders, including Cheng Weigao, conscientiously listened to reports on the opening-up situations in cities, prefectures, and departments directly under the province, and assisted them in analyzing existing problems. In particular, provincial leaders set higher requirements on departments with overall responsibility for the work of opening up and coordination.

At the forum, Cheng Weigao held: During the Eighth Five-Year Plan especially last year, our province saw great progress in the work of opening up to the outside world. However, compared with advanced provinces and cities, we still lag far behind. We can only say that we have initially formed a situation of opening up, and it is imperative for us not to overestimate our results. He maintained: In terms of omnidirectional opening up, we have four sets of standards. First, all the production sectors, including the primary, secondary, and tertiary industries, should succeed in actively introducing foreign funds and advanced technology. Second, all enterprises and units, as long as they are allowed to use foreign funds, should shoulder the responsibility for introducing foreign funds. Third, all cities, prefectures, districts, and counties should open themselves to the outside world. Fourth, leading party and government cadres at all levels should participate in the drive to open up to the outside world.

Cheng Weigao maintained that the provincial party committee and government took the work of opening up seriously. The office governing the opening up work has recently been adjusted. He urged all cities and prefectures to take further steps to strengthen leadership

over opening up, establish a well-defined responsibility system, and strictly assess cadres at all levels by making the fulfillment of opening up an important criterion.

On the issue of better introducing and using foreign funds, Cheng Weigao said: Whether we can succeed in introducing foreign funds to resolve the lack of construction funds will directly influence the general task of establishing an economically powerful province and maintaining stable economic growth. It is also the key to carry out the two basic changes. He urged all localities, departments, and enterprises to overcome the hurdle in introducing foreign funds; introduce foreign funds through various channels, and use various loans to develop themselves.

On the issue of how to accelerate the transformation of old enterprises using advanced technology and funds from abroad, he said: Transforming old enterprises with advanced technology and funds is an important measure for enlivening funds as well as state-owned enterprises. We should pay firm attention to it, with a view to achieve substantial results. He urged the 1,154 state-owned enterprises included in the province's plan of transformation to fulfill their transformation task within three years. Other enterprises should create conditions for doing a good job in preparing for the transformation. To sum up, we should upgrade the overall level and product quality of our industrial enterprises and enterprises's market competitiveness through transformation.

PRC: Hebei Prison Separates Enterprises, Reeducation Groups

SK0502083896 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 2 Feb 96

[FBIS Translated Text] Shijiazhuang City's reeducation-through-labor reformatory was the first in the province to separate its production enterprises from reeducation-through-labor groups.

The previous system, combining production enterprises and reeducation-through-labor groups, seriously affected the development of reform-through-labor and reeducation-through-labor undertakings. Facing this unfavorable situation, in which reform-through-labor and reeducation-through-labor enterprises' economic results were becoming ever lower, (Wu Yiliang), director of Shijiazhuang City's reeducation-through-labor reformatory, who has the spirit of doing pioneering work and forging ahead, changed the previous system and introduced a new one characterized by separating production enterprises from reeducation-through-labor groups.

Last year, (Wu Yiliang) guided more than 1,000 cadres, policemen, and workers in the reformatory to boldly pioneer ways to separate management and education organs from enterprises. Under the new system, management and education organs should exercise macro control over the enterprises subordinate to them, and management and education cadres should free themselves from their dual jobs — managing both production and persons undergoing labor reform — so that they can devote themselves to managing reform-through-labor personnel. The reformatory has achieved both economic and social benefits. Last year, this reformatory generated 1 million yuan in revenues, the best achievement since its founding 38 years ago. The reformatory used the money to build a communications command and monitoring center and an entertainment center for the police, the first of its kind in the whole country, thus laying a firm foundation for building a modernized, civilized reeducation-through-labor reformatory.

PRC: Hebei Leaders Hear Reports on 8th, 9th 5-Year Plans

SK0102110896 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 31 Jan 96

[FBIS Translated Text] From 26 to 30 January, leaders of the provincial party committee and government, including Cheng Weigao, Ye Liansong, Li Zhanshu, Zhao Shiju, and Cong Fukui, heard reports on launching the three-emulation, three-investigation, three-elimination, and one-adherence campaign; reports on work done during the Eighth Five-Year Plan; and plans for Ninth Five-Year Plans from the province's personnel affairs department, economic and trade commission, trade department, electronics industrial department, and machinery department.

After hearing the reports, Cheng Weigao, secretary of the provincial party committee, pointed out: The leading cadres of provincial-level departments and bureaus, particularly the (economic and planning departments and bureaus), should pay great attention to ideological and political work. We cannot do our jobs well when opening up and developing the socialist market economy if we fail in building our cadre contingents. The key to stressing study, politics, and a healthy atmosphere is to comprehensively implement the party's basic line, policies, and principles and persist in the fundamental purpose of serving the people wholeheartedly. We should strictly enforce the party's political discipline, resolutely safeguard the central authority, act in political unison with the party central committee with Comrade Jiang Zemin as its nucleus, oppose local and departmental protectionism, and ensure the smooth implementation of central decrees and provincial party committee and

government policy decisions. It is imperative to conscientiously implement democratic centralism. Major issues should be discussed in groups. The affairs decided through discussions must resolutely be fulfilled, and the practice of feigned compliance should be opposed. We should safeguard unity within the cadre contingents and oppose all activities destroying party unity, such as criticizing a person behind his back, maliciously launching an offensive, and starting, spreading, and believing rumors. So long as leading bodies unite as one; persist in the principle of the party spirit; and stress unity, combat effectiveness, and high efficiency, they will create good results.

In view of the new situation where some departments and bureaus are not ideologically suited to the market economic operational mechanism, their management functions are not suited to the new special features of a market economy, and their work priorities are not suited to the new requirements of a market economy, Cheng Weigao stressed: According to the central requirements for making two fundamental changes, provincial-level departments and bureaus should change their ideas, functions, and work priorities. Only when they make these three changes can they base themselves on a high starting point to map out their ninth five-year plans and successfully make the first step. During the Eighth Five-Year Plan, our province clearly defined the guiding ideology of making its personnel affairs work suitable to the economic construction, reform, and the opening up. It did a lot of work to meet the requirements for setting up a socialist market economic system. Particularly, our province has made appropriate achievements in reforming the personnel affairs system and occupied a leading position in the whole country in some respects. Simultaneously, we conscientiously launched the three-emulation, three-investigation, one-elimination, and one-adherence campaign; discovered some problems; and made appropriate achievements.

In affirming these achievements, provincial leaders pointed out: These achievements must not overestimated. Some problems still exist within the leading bodies and cadre contingents.

Cheng Weigao discussed, face to face, some problems related to leading bodies with the persons in charge of these five departments. He also urged them to be strictly self-disciplined, correct their mistakes as quickly as possible, and not to knowingly refuse to make corrections. The personnel affairs department has great power and thus many opportunities to make extra money (han jin liang gao). Its leading body and cadre contingent should always pay attention to and strengthen ideological and political construction. To stress policies, discipline, and justice, the department should strengthen

education for the cadre contingent so as to enhance cadres' ability to resist corruption and prevent peaceful evolution.

We should emulate other places' experiences, go all out to strengthen restriction and supervision, make our work increasingly visible to the public, and enable cadres to keep to the stand of the party to [words indistinct] and set people's minds at rest. This is also a duty cadres should fulfill in order to hold themselves responsible to the cause of the party and the people.

The economic and trade commission is a unit that first launched the three-emulation, three-investigation, three-elimination, and one-adherence campaign on a trial basis. It is also among the best provincial-level departments in regard to the leading body and [words indistinct]. Over the past years, the commission's leading body has been working cautiously and sincerely and made great efforts to help raise the province's ranking in the whole country in terms of some industrial targets.

After hearing the reports, provincial leaders frankly pointed out: A good leading body is by no means a powerful one. The economic and trade commission has made many achievements, but it also has many problems, such as outdated ideas, old work methods, and insufficient creativeness. Under the new situation in developing the market economy, a comparatively large number of cadres still habitually use the old mode of thinking; apply outdated methods; attend to distribution, technological transformation, and productive forces only according to the existing situation; and fail to completely shift the focus of work onto enterprise reform, scientific and technological progress, appropriate scale management, enterprise management, and the enhancement of trade and market management. Thus, provincial leaders urged these departments to further renew their ideas, transform their functions, and stress the main points when mapping out ninth five-year plans.

Provincial leaders exchanged opinions on some specific work with the commission leaders and also set forth some demands. The trade department has prepared fully for and conscientiously organized the campaign, and made noticeable achievements. Thus, not only have its organs upgraded their work efficiency, but a strong atmosphere of stressing politics has also been fostered. During the Eighth Five-Year Plan, the trade department has positively carried out its work, thus promoting the ceaseless expansion of the commodity circulation scale, quickly setting up markets, and playing a key role in ensuring the supply and balancing the prices of goods.

By exchanging opinions face to face, provincial leaders set strict demands on these departments, urged them to further strengthen the construction and management of

leading bodies, and emphatically helped them discover the problems caused by [words indistinct]. Provincial leaders urged: To implement the law governing development of the socialist market economy, we should define macrocontrol management functions and work priorities under the market economic conditions; further expand the dynamics of reform and opening up; strengthen macrocontrol and the management of trades; and set up a united, open-typed, [words indistinct] commodity circulation system so as to better display our functions.

The electronics industry is the province's newly rising leading industry, and it is a future pillar industry. During the Eighth Five-Year Plan, this industry witnessed rapid development and [words indistinct] among enterprises of the same trade in the entire country. Provincial leaders fully affirmed this. They also pointed out: The electronic department's thinking in formulating the Ninth Five-Year Plan is very important. To realize this thinking, we should further improve our mental state. Without a mentality for fighting indomitably, it is difficult to realize the fighting objectives. They called on these five departments to further enhance their spirit; overcome the fear of hardships; eliminate the attitude that minor trades are inferior to others; cultivate the idea of fighting a tough, winning battle; and make minor trades do big things. In addition to doing a good job in this respect, we should also work arduously, have revolutionary enthusiasm with death-defying spirit and energy with scientific knowledge, and carry out three major projects and develop three major related products during the tough battle to be carried out during the Ninth Five-Year Plan, and contribute to invigorating Hebei's electronics industry. In line with the demands to grasp major trades and products, we should adjust the size of sections of the electronics departments and concentrate efforts on fighting a tough battle. We should fully recognize that if these major projects and items can be promoted, they will become pillar industries and major profit and tax delivery households of Hebei. If not, they will become heavy burdens. For this reason, we must have a sober mind, pay full attention to grasping all the things that have been decided, and should not be condemned by history because of our effective work.

The machinery industry is the equipment industry in the province's economy and the pillar industry. During the Eighth Five-Year Plan, and under fairly difficult circumstances leading bodies in the machinery industrial department worked very hard, made painstaking efforts, and maintained a steady increase in many economic targets. The positions of many of these targets have moved forward in the country. However, judging from the overall situation, the machinery industry has failed to rapidly raise its development scale, rate, and level.

Basically, its development scale, rate, and level are only at the midstream level. The industry has not formed its priorities, and the entire trade has not extricated itself from a difficult position. For this reason, provincial leaders helped them jointly analyze the deep-rooted causes and pointed out that the key to rapidly and successfully working under the new situation is to rapidly meet the development needs of the socialist market economy and change concepts, functions, and work priorities. Leaders called on the five departments to further cultivate the ideology of breaking new ground in their march forward, the ideology of doing big things, and the ideology of daring to fight a tough battle and striving for success; and to solve issues regarding ideology, functions, and work priorities. The provincial leaders set forth eight demands for their work this year.

Leading comrades participating in the briefings generally felt that the provincial leaders' efforts to jointly examine their problems, help them solve problems, analyze the situation during the Eighth Five-Year Plan, and work out plans for the Ninth Five-Year Plan have given them a feeling of comradely kindness. They felt urged on by their responsibility and the time, and really realized what was criticism and self-criticism, normal inner party life, and normal relations between higher and lower levels.

Many comrades said that this activity is the one provincial leaders have asked cadres to pay the greatest attention to. By conducting the "three emulation, three investigation, three elimination, and one adherence" campaign, leading bodies and collectives have prepared to carry out their work, improved their mental state, changed their ideology and concepts, felt the pressure of work, and have great confidence and working enthusiasm. They pledged to further enhance the sense of responsibility and urgency; successfully change ideology, functions, and work priorities; work out plans for the Ninth Five-Year Plan from a high starting point, and [words indistinct]. So far, they have heard briefings from 10 departments and bureaus. The provincial leaders clearly stated that last year they inspected the work of building moderately prosperous counties and the responsibility system for city-level leading bodies. This year, they will handle provincial-level departments and bureaus, as well as large and medium-sized enterprises, regarding this as their work priority. In due course, they will concentrate on listening to briefings given by the second and third groups of departments and bureaus.

Vice Governors Guo Hongqi and Guo Shichang also listened to the briefings given by the relevant provincial-level departments and bureaus.

PRC: Tianjin Reports on Reform of State Enterprises

SK0102021596 *Tianjin People's Radio in Mandarin*
2300 GMT 30 Jan 96

[FBIS Translated Text] The economic work of our municipality, whose focal point is the reform of state-owned enterprises, continued to develop in an in-depth manner. New headway was made in some areas.

To date, 85 of the 106 enterprises experimenting with the modern enterprise system have basically accomplished the reorganization of the company system. This accounts for 81 percent of the enterprises engaged in the experiment. The progress we have made is fairly rapid when compared to the entire state. Enterprise management was strengthened. By the end of 1995, 1.824 million workers had signed labor contracts with enterprises. Among the 642 state-owned enterprises, 90 percent have implemented the cadre employment system. Among the more than 300 small state-owned and collective enterprises, 40 percent have carried out reforms in the form of cash payments for shares, leased management, and mortgaged contracts with risks.

PRC: Tianjin People's Congress Opens Session 3 Feb

SK0402072496 *Tianjin People's Radio in Mandarin*
2300 GMT 3 Feb 96

[FBIS Translated Excerpt] The fourth session of the 12th Tianjin Municipal People's Congress ceremoniously opened on the morning of 3 February, focusing on formulating the Ninth Five-Year Plan and depicting the magnificent blueprint of Tianjin's economic and social development in the next 15 years. More than 600 people's deputies attended the session in high spirits and with great confidence, shouldering the heavy trust from the 9 million citizens of Tianjin.

Executive Chairmen Gao Dezhan, Li Jianguo, Fang Fengyou, Lu Xuezheng, Pan Yiqing, Zhu Wenju, Wang Chenghui, Qian Qiao, Huang Qixing, Chen Rongti, Liu Wenfan, Zhang Yuhuan, Su Baocong, and Liu Huigen were seated in the front row on the rostrum.

At 0900, Executive Chairman Nie Bichu declared the session open. [passage omitted]

Mayor Zhang Lichang delivered a report outlining Tianjin's Ninth Five-Year Plan on Economic and Social Development and the Long-Term Target for the Year 2010. [passage omitted]

Municipal leading comrades seated on the rostrum also included Li Shenglin, Liu Jinfeng, Liu Fengyan, Jin Renxie, (Chou Xianxiang), Song Pingshun, Luo Yuanpeng, Wang Tongjiang, Qu Weizhi, Xing Jun,

Yang Jingheng, Ye Disheng, Zhang Haosheng, Zhuang Gonghui, Wang Dehui, Zhu Liankang, Yang Jincheng, Li Changxing, Huang Yanzhi, Chen Ruyu, Lu Huan-sheng, Yu Guotong, Chen Peili, Wang Jitao, Zhang Zhaoruo, Chen Shuxun, Zhang Yonggen, (Zhang Jinxiu), Zhang Baifeng, Zhang Dequan, and Zhang Guanwen. Attending the session as non-voting deputies were responsible persons of departments, offices, and commissions under the municipal people's congress standing committee; members of the municipal government; responsible persons of some municipal government departments; related responsible persons of municipal judicial organs; National People's Congress deputies staying in Tianjin; members of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] staying in Tianjin; and all members of the municipal CPPCC committee. Attending as visitors were representatives of the masses from all walks of life, as well as responsible persons of some foreign-invested enterprises.

Northeast Region

PRC: Heilongjiang Holds Financial, Tax Conference

SK2701213496 *Harbin Heilongjiang People's Radio*
Network in Mandarin **2200 GMT 26 Jan 96**

[FBIS Translated Text] The provincial financial and taxation work conference proposed that the provincial financial and taxation work this year should focus on promoting economic development, advancing two fundamental changes, and comprehensively invigorating the province's financial work. Governor Tian Fengshan and Vice Governor Ma Guoliang attended the conference held on 26 January.

Ma Guoliang pointed out: During the recent two years, the province has witnessed a good trend of accelerated economic development. The financial situation has improved. However, there are still some problems. The situation in which many in-depth contradictions in the economic system have not been resolved, the economic structure is unitary, the operation and management are extensive, and there is only a single financial source has not been realistically ended. In general, the financial situation merely guarantees food for the people.

Ma Guoliang set forth demands concerning invigorating the county economy, strengthening the government's actions in distribution, supporting and invigorating state-owned enterprises, solving the shortage of funds for allocation, and consolidating the financial and economic order — all problems that must be resolved.

Governor Tian Fengshan stressed: Financial departments at all levels should concentrate their energies

to promote reform of the economic system, making state-owned large and medium-sized enterprises a priority; accelerate establishment of the socialist market economic system; and enable enterprises experimenting with the modern enterprise system to achieve breakthroughs in the difficult issues of changing the mechanism, establishing the system, and promoting amalgamation and bankruptcy. Regarding the 50 large and key enterprises that play a very influential role, we should support them and realistically utilize their role. For enterprises suffering a shortage of funds, running at half capacity, and incurring deficits, we should promptly invest in them and help them end their deficits.

Tian Fengshan called on financial departments at all levels to realistically give impetus to supporting agriculture and guarantee that the increase in financial expenses for supporting agriculture will be more than 2 percent higher than the increase in total financial expenses. Most of the local financial resources should be used in agriculture. It is necessary to invigorate the use of the existing funds, further optimize the structure of financial expenses for supporting agriculture, and further emphasize agricultural infrastructure facilities, industrializing the rural economy, and invigorating agriculture with science and technology. Meanwhile, we should properly arrange special funds to send relief to the disaster areas and supporting the poor areas, and should promote balanced development in the rural economy. We should further cultivate and expand the province's pillar industries and support the 10 major bases, such as the base for producing complete sets of equipment for power stations; the five pillar industries, such as auto manufacturing; and support enterprises in reorganizing their capital in various ways. This year the input of funds for technological transformation should be maintained at a level of 150 million yuan, and efforts should be made to try all possible means to guarantee technological transformation funds for key enterprises and projects. We should also develop the non-state sector of the economy and cultivate financial and economic new growing points, and should support township enterprises and nongovernmental scientific and technological enterprises, and guarantee that the funds of township enterprises increase by more than 15 percent each year.

Tian Fengshan pointed out: In the provincial financial work, we should continue implementing the principle of keeping moderately stringent finances, establish and improve the local tax revenue system as quickly as possible, enhance the local financial revenue collection ability, control institutional purchases, strictly enforce financial and economic discipline, and resolutely deal blows to acts violating financial and economic discipline.

(Tao Guangliang), director of the provincial financial department, made arrangements for the province's 1996 financial work.

PRC: Jilin Leaders Speak at Family Planning Meeting

SK0502022696 Changchun Jilin People's Radio Network in Mandarin 2300 GMT 3 Feb 96

[FBIS Translated Excerpt] The two-day provincial family planning work conference ended on 3 February. Provincial Leaders Zhang Dejiang, Wang Yunkun, Zhang Yueqi, Su Rong, and Sang Fengwen attended the conference.

The conference summed up the province's family planning work during the Eighth Five-Year Plan, and arranged the 1996 work. At the conference, the provincial government designated 1996 as the year to ensure the quality of linking family planning with economic development, the seeking of moderate prosperity for the peasants, and the building of happy and well-civilized families.

Zhang Dejiang, secretary of the provincial party committee, made an important speech at the conference.

He said: Over the past years, our province has made noticeable achievements in family planning. However, we must deeply understand the basic state policy on family planning. Carrying out this policy under the current situation is the only accurate choice.

He pointed out: Family planning is our basic state policy. The final realization of this policy still depends on overall economic and social development. However, family planning work at the current stage also depends on standardizing policy measures and guiding propaganda and ideological education. We should fully use modern scientific and technological means to upgrade family planning services and develop safer and more convenient pills and contraceptives. Family planning is not a matter for family planning departments alone. We should mobilize all social circles and pool the joint efforts of all fronts to achieve this work.

Acting Governor Wang Yunkun also made a speech at the conference. [passage omitted]

PRC: Jilin People's Congress Convenes Meeting 1 Feb

SK0202045896 Changchun Jilin People's Radio Network in Mandarin 1030 GMT 1 Feb 96

[FBIS Translated Excerpt] On the morning of 1 February, the fourth meeting of the eighth provincial people's congress was solemnly convened at the assembly hall of the provincial guesthouse. [passage omitted]

The executive chairmen at today's meeting are Zhang Dejiang, He Zhukang, Gu Changchun, Wang Jinshan, Zhag Yueqi, Chen Zhenkang, Ke Muyun, Ren Junjie, Shang Zhenling, Zeng Xiaozhen, Yuan Baixiong, Xu Ruren, and Agula. [passage omitted]

On behalf of the provincial government, Acting Governor Wang Yunkun issued a government work report. In his report, Wang Yunkun first reviewed the results obtained during the Eighth Five-Year Plan on economic construction, reform and opening up, improving people's living standards, and on all other undertakings.

During the Eighth Five-Year Plan, our economy maintained rapid growth; the industrial structure improved; every aspect of reform developed in an in-depth manner; [word indistinct] of economy was gradually promoted; new headway was made in opening up to the outside world; foreign trade saw notable results; construction of urban and rural areas developed rapidly; people's living standards greatly improved; all social undertakings flourished; and construction of democracy and the legal system was promoted. [passage omitted]

PRC: Jilin Sets Strategies for Economic, Trade Work

SK0102094196 Changchun JILIN RIBAO in Chinese
10 Jan 96 pp 1, 7

[By reporter Wu Qiong (0702 8825): "Correctly Analyze the Situation To Succeed in Economic and Trade Work"]

[FBIS Translated Text] The two-day provincial meeting on economic and trade work ended in Changchun on 9 January. The provincial government convened this meeting. The following includes the tasks of this meeting: conscientiously implement the guidelines of the central economic work conference, the fifth and sixth plenary sessions of the sixth provincial party committee, and the national economic and trade work conference; analyze the situation facing current economic work; summarize 1995's provincial economic and trade work; study and arrange for the 1996 economic and trade work; seek unity of thinking; define tasks; work hard in unity to forge ahead; and struggle to fulfill the 1996 economic work tasks and goals set by the provincial party committee and the provincial government.

Wang Yunkun, acting governor of the province, attended the meeting, and made an important speech at the forum, which was attended by city mayors, autonomous prefectural heads, persons in charge of pertinent departments directly under the provincial authorities, and persons in charge of large enterprises. Before concluding the meeting, Vice Governor Wei Minxue made a summing-up speech entitled "Conscientiously Doing

This Year's Economic and Trade Work by Closely Centering on the 'Two Changes.'"

The meeting pointed out: In 1995, the provincial economy continued developing rapidly, with inflation controlled; new headway was made in the economic structural reform, centering on reform of state-owned enterprises; and industrial production increased rapidly, marked by the stable operation of the whole economy. The meeting also analyzed and studied deep-rooted problems with enterprise reform, problems with production and operation of state-owned enterprises, living difficulties of workers and staff at some state-owned enterprises, and problems concerning the poor quality of industrial economic operation.

The meeting pointed out: The general guiding ideology for this year's economic and trade work is to conscientiously implement the guidelines of the national economic and trade work conference and the fifth and sixth plenary sessions of the sixth provincial party committee; persist in the principle of conducting enterprise reform, reorganization, and technological transformation, and strengthening enterprise management, focusing on improving economic efficiency. This should be done by aiming at realizing the "two fundamental changes" and establishing "three mechanisms"; deepening enterprise reform by focusing on enlivening larger enterprises and decontrolling small ones; speeding up the structural readjustment with the focus on product innovation; accelerating technological transformation, emphasizing major projects; strengthening management by focusing on improving the efficiency of fund operation; and expanding domestic and world markets by focusing on increasing marketing rate of products. In addition, we should improve the comprehensive coordination and service of economic operation to bring about a sustained, rapid, and sound development of the province's economy.

Wang Yunkun stressed 10 issues with regard to this year's economic and trade work.

1. The issue of correctly understanding this year's industrial situation. He pointed out: Macroeconomic control and microeconomic operation contradict each other. To constantly harmonize this contradiction, we should enable the entire economy to develop soundly. There are two methods to harmonize this contradiction: inflation and macroeconomic control. Of course, we have selected the latter at present, and some results have already been achieved in view of the country and province's situation. This year, the state is still adopting an appropriately tight policy to conduct macroeconomic control, and therefore, there will be no big changes. He demanded: Leaders and governments at all levels

should be well prepared ideologically and materially to surmount even graver difficulties. He maintained: This will provide enterprises with a very good development opportunity in 1997.

2. The issue of expediting enterprise reform by establishing the modern enterprise system as the center. He demanded: In addition to the state and provincial enterprises selected to experiment with the modern enterprise system, all enterprises should work toward establishing the modern enterprise system. He pointed out: The reform of the property rights system is the foundation for establishing the modern enterprise system and, thus, it must be conducted successfully. Enterprise operators, managers, and producers should come to understand that enterprises are their own, and they should assume limited responsibility for developing enterprise mechanisms in line with the modern enterprise system.

3. The issue of controlling the large and decontrolling the small. Wang Yunkun pointed out: This is an idea and a work method. How to control the large? The answer is to reorganize the assets of enterprises. By organizing enterprise groups, we should truly invigorate large- and medium-sized state-owned enterprises. By decontrolling the small, we mean transferring assets of small- and medium-sized enterprises. We should transfer the assets of small- and medium-sized state-owned enterprises based on the assets appraisal to make such enterprises full of vigor gradually.

4. The issue of successfully carrying out technological transformation. One of the ideas for the province's industrial development is to successfully carry out the major technological transformation projects. We should adopt supporting scientific methods to yield results in this aspect.

5. The issue of continuously strengthening and cultivating pillar industries. At present, there are two pillar industries in the province—the motor and the chemical industries. How do we strengthen them? The motor industry should follow the path of producing cars in the country; and the chemical industry should focus on beefing up precision and intensive processing. Efforts should also be made to cultivate new pillar industries such as the food, medical, and electronics industries.

6. The issue of making all state-owned enterprises, particularly those experimenting with the modern enterprise systems, take part in international cooperation and competition. In particular, large enterprises must associate with large international financial groups, noted international corporations, and well-known international enterprises. They should orient their products and technology toward an international path with a view to developing and strengthening themselves.

7. The issue of paying special attention to market research. Wang Yunkun stressed: A conspicuous task for this year is to expand markets. Whoever succeeds in searching for more markets will have more funds at their disposal.

8. The issue of practically grasping famous-brand products. All professions trades, and localities must define their own famous-brand products and then focus on improving the products' quality. Journalist units should appropriately propagate famous-brand products.

9. The issue of beefing up the county economy. The county economy is a major component of the entire economy and a major source of county-level revenues. Thus it must be grasped successfully based on the demands set by last year's provincial county economic work conference.

10. The issue of building up the ranks of entrepreneurs. Whether an enterprise can operate successfully depends to a large extent on its director or manager. Therefore, we must pay attention to building up the ranks of entrepreneurs. In selecting plant directors (managers), we should first see whether they are professionally proficient and free from corruption, whether they are selfless, and whether they are enthusiastic in serving the people. We should wholeheartedly depend on workers and staff to run enterprises well. In conclusion, he pointed out: It takes time to resolve industrial and economic problems, and some prices must be paid. However, it is certain that these problems can be resolved.

Vice Governor Wei Minxue pointed out in his speech: We should get a clear understanding of the current situation, brace ourselves, and forge ahead despite difficulties. We should positively bring about the "two fundamental changes" to develop the economy in an even faster and better manner. He stressed: We should be more urgent in realizing the "two fundamental changes" and actually orient the guiding ideology to improving economic efficiency. We should also accelerate enterprise reform to create preconditions for realizing the "two fundamental changes." He also set specific demands on changing the economic growth pattern by readjusting the economic structure, promoting technological progress, strengthening enterprise management, and improving the efficiency in using funds.

Attending the conference were vice mayors of various cities and deputy heads of various autonomous prefectures who are in charge of industrial work; chairmen of the economic and trade commissions of various cities and autonomous prefectures; persons in charge of pertinent departments directly under the provincial authorities; and representatives of some large enterprises.

PRC: More Liaoning Farmers Join Pension Plans
OW2401081696 Beijing XINHUA in English
0755 GMT 24 Jan 96

[FBIS Transcribed Text] Shenyang, January 24 (XINHUA) — More and more farmers in northeast China's Liaoning Province are getting access to old age pensions, which used to be enjoyed only by urban residents.

So far, 3.25 million farmers in the province have participated in the old age insurance schemes, accounting for over 35 percent of the total number eligible for social insurance.

Social insurance for the aged in rural areas began only three years ago in the province. By the end of last year the province had collected 150 million yuan in insurance contributions to cover old age pensions in rural areas. The figure is expected to top 200 million yuan this year.

Also, 12 cities out of 14 that are under the direct administration of the provincial government have set up social insurance funds for the aged in rural areas.

So far, 28 of China's provinces, municipalities and autonomous regions have adopted old age pension schemes.

PRC: Liaoning To Recruit Foreign Experts, Train Workers Abroad

OW3001032596 Beijing XINHUA in English
0146 GMT 30 Jan 96

[FBIS Transcribed Text] Shenyang, January 30 (XINHUA) — Northeast China's Liaoning Province plans to introduce foreign experts to undertake 6,000 projects in the next 15 years, according to the provincial government.

An official of the Provincial Department of Foreign Trade and Economic Commission said that foreign experts will also be invited to help state-run enterprises launch 12,000 technological upgrading projects during the 1996-2010 period.

The introduction of foreign intellectual resources will take such forms as employing foreign experts for short periods, encouraging foreign experts to contribute their expertise as shares and encouraging foreign experts to contract for technological upgrading projects.

The province will also set up personnel training centers in a number of key universities and colleges in Germany, Japan, the United States, Singapore, Canada and Hong Kong, the official said.

He added that the provincial government will earmark 30 million yuan a year to establish an international

personnel training fund to finance the training of state-owned enterprise personnel abroad.

Meanwhile, 4,000 enterprise personnel such as managers, senior engineers, chief accountants and lawyers will be sent abroad for training, he said.

The invitation of foreign experts and the training program for local enterprise personnel are intended to train senior managers able to participate in global competition, he noted.

The introduction of foreign intellectual resources focuses on upgrading state-run enterprises during the 1996-2010 period in Liaoning, a heavy industrial center in China, the official said.

The Liaoning provincial government has decided to concentrate its technological upgrading program on such pillar industries as metallurgy, machine building, petrochemicals and electronic information.

The upgrading program will involve an estimated investment of nearly 100 billion yuan, he said.

PRC: Liaoning Secretary Gives Speech on Opening Up

SK3101134596 Shenyang LIAONING RIBAO
in Chinese 10 Jan 96 pp 1, 2

["Excerpts" of speech by Gu Jinchi, secretary of the Liaoning Provincial CPC Committee, at the provincial work conference on opening up convened in Shenyang on 9 January]

[FBIS Translated Text] The provincial work conference on opening up, held on 6 January 1995, was our first meeting last year. At the beginning of this year, we held another provincial work conference on opening up, thus fully illustrating the importance of opening up as well as the provincial party committee and government's decision to put the work of opening up in a position to promote economic work, to carry out the strategy of developing an export-oriented economy to promote overall economic development, and to make a good start in implementing the Ninth Five-Year Plan.

In Implementing Strategy of Developing an Export-Oriented Economy To Promote Overall Economic Development, We Must Comprehensively, Accurately, and Deeply Understand the Strategy's Implication and Purpose

The strategy of developing an export-oriented economy to promote overall economic development does not exist in isolation. It is an organic component of the province's overall development strategy. The eighth provincial party congress held last year put forward three major

development strategies—optimize structures, develop an export-oriented economy to promote overall economic development, and rejuvenate the province with science and education. Implementing the strategies is of great importance to economic and social development over the next five to 15 years and beyond. It is of decisive significance to resolving the deep-layered contradictions in the province's economic and social development and to changing the economic growth model. All these strategies are means for developing the economy. However, the strategies of developing an export-oriented economy to promote overall economic development and of rejuvenating the province with science and education must serve the structural optimization strategy. This has been clearly defined. Party committees and governments at various levels should accurately understand the position and function occupied and exercised by the strategy of developing an export-oriented economy to promote overall economic development; fully understand the strategy's significance; and ceaselessly upgrade the awareness of implementing it.

We must deeply understand the strategy's implication, because it involves thinking that encompasses Liaoning's special characteristics and concerns Liaoning's economic development. Liaoning's opening up to the outside world must be taken as the "locomotive," "the engine," a force that promotes Liaoning's economic development. By expanding the scale of opening up the province to the outside world, we can promote the progress of reform, the readjustment of structure, the transformation of the old industrial base, and the upgrading of the overall economic quality and efficiency. To put it briefly, we can grasp the province's opening up to the outside world to promote reform, readjustment, transformation, and development. This strategy specifically involves the contents of establishing, as soon as possible, a pattern of opening up the province to all directions; striving to reasonably use more foreign capital; establishing an export-oriented industrial system; optimizing the foreign trade structure; expanding commodity exports; expanding the service trade; creating more foreign exchange through nontrade; taking the foreign export trade as an orientation; expanding the dynamics of pioneering new markets; doing a good job in developing projects on a contracted basis; sending laborers to other places; increasing exports of machinery and electronics products, as well as exports of mature technology and equipment; investing beyond our borders; widening the space for external economic and technological cooperation; facilitating the setup of an economic operation mechanism suitable to the international practice and the international criteria; creating intangible conditions; and cultivating a contingent of high-quality talents in development of the export-oriented economy. In reality, this

strategy itself means effectively using international markets, foreign capital, foreign natural resources, foreign technology, and foreign talented persons to rapidly develop our own economy.

We should further define the aim of this strategy. To implement it, we should first expand the scale of opening up. We must not only do our best to achieve the work of opening for business, introducing capital, and conducting cooperation, but also pay particular attention to optimizing structures to achieve work in this regard. Such is the case in opening up to the outside world to promote the transformation of enterprises. Instead of paying attention only to attracting new foreign capital with our existing funds, we should attach importance to attracting new foreign investors so as to attain the ultimate aim of enlivening our existing funds. In short, both the opening of the province to the outside world and the implementation of the strategy — developing the export-oriented economy to promote the overall economic development — must help enliven the domestic economy and enhance our economic development strength. This is the ultimate aim of this strategy.

In Implementing the Strategy of Developing an Export-Oriented Economy To Promote the Overall Economic Development, We Must Conscientiously Achieve Propaganda Through Mass Media, Conduct Education by Giving Positive Examples, and Achieve the Ideological Work.

To deepen the understanding about this strategy and implement it more effectively, we must conscientiously conduct education and propaganda through mass media and cautiously conduct the ideological work. First, we should utilize various media and propaganda functions and expand the dynamics of mass media and propaganda. The press units within the province, such as radio and television stations and newspaper and magazine offices, should disseminate and report, in a well-planned and step-by-step manner, the implication, significance, and purpose of this strategy of the provincial party committee and government. Press units must make it known to all and strike root in the hearts of the people. On this basis, we should make full use of all conditions and chances, such as our embassies, consulates, and other organizations stationed in foreign countries, personnel studying abroad, and friendly activities. We should apply the forms of strengthening contacts with foreign papers, magazines, and radio and television stations to strengthen external propaganda and to make more countries and regions in the world understand Liaoning. Second, we should organize relevant departments to compile some teaching materials and educate by positive

example. We should organize specialists, scholars, and practical workers to further theoretically and practically assess this strategy, ceaselessly compile some materials and data for disseminating the strategy to different people in different periods so as to enrich the teaching contents for party and cadres' schools. Cadres should be the first to educate by positive examples. With a thorough understanding, cadres can achieve the propaganda and ideological work by doing their specific work. Third, we should achieve the ideological work in various spheres in the course of implementing this strategy. Leaders at various levels should dissect the obstacles they come across when implementing the strategy, as well as the problems reflected by the cadres and the people in different periods. By dissecting and analyzing real examples in a concentrated manner, we should clarify the confused ideas of cadres and the people so as to guide the masses to emancipate their mind and renew their ideas.

Some of our enterprises have missed their chances when conducting joint investment with foreign countries and transforming themselves with imported capital, technology, and talents for some objective reasons or others. However, some outdated and conservative ideas are doing mischief to some enterprises. All of this reflects a failure to emancipate the mind. By dissecting and analyzing real examples, we should have a definite object in view and find where we fail to emancipate the mind or renew our ideas. We should not only do this work in a concentrated and well-organized manner, but also enable cadres at various levels to always grasp it in doing their day-to-day work.

To carry out this strategy, we should expand the scale of opening up, and study and fully use the conditions conducive to further expanding the scale of opening up. With rich natural resources; a solid industrial foundation; a powerful scientific and technological strength; an initial-stage highway network; a group of ports dominated by Dalian Harbor; and a well-developed land, water, and air transportation service network, our province has accumulated many precious experiences in developing an export-oriented economy over the past years. In view of the general situation, Liaoning has many favorable conditions for expanding the scale of opening up. The key hinges on whether we know and fully use these conditions. The key to achieving this is to use our brains, widen the field of vision, and emancipate the mind. Otherwise, we will turn a blind eye to even more favorable conditions and even regard them as burdens.

With some favorable conditions, Liaoning first has a good natural environment for opening itself to the outside world. As a key junction of the Northeast Asian economic zone and the Bohai Economic Rim,

our province has a 2,178-km border, 700-km island lines, and the 150,000-square km Huanghai and Bohai continental frames, slightly larger than the area of Liaoning — 145,900 square km in total. That is to say, besides Liaoning on the land, there is another "Liaoning on the sea." If we widen our field of vision, "Liaoning on the sea" will greatly help the province open itself to the outside world.

Liaoning also has an extremely favorable environment for opening itself to places at home. Central authorities especially set up an office for transforming Liaoning's old industrial base and successively gave some preferential policies to Liaoning. Some of our province's key projects have been brought into line with the National Ninth Five-Year Plan. We should say this is a rare chance for Liaoning to open itself to the outside world, because the central authorities' measures and preferential policies can have a great impact the foreign capital investment. The question of whether we can grasp this favorable opportunity is extremely important in deciding whether the old industrial base can revitalize itself. We should draw from all our previous lessons. We must under no circumstances miss this favorable chance.

Only by emancipating the mind will we really bring into play our favorable condition of having more existing assets. Liaoning has a great number of industrial enterprises and assets that can be a covered advantage for attracting foreign capital. Our existing assets, if idle, will not bring their advantages into play. So long as we emancipate our mind and judge problems with a dialectical point of view, we will clearly distinguish between more and less, good and bad, and between advantages and disadvantages.

We should fully use various avenues to expand the scale of opening up. Why have we stressed for several times the need to pay equal attention to introducing foreign capital, developing foreign trade and foreign economic relations, and handling foreign affairs? That is, we should use all conditions conducive to expanding the scale of opening up. Our province now has more than 70 organizations stationed in foreign countries (including offices and liaison offices,) 2,115 foreign organizations stationed in the province, and more than 300 enterprises and companies beyond our border. As of the end of last year, our province had established economic and trade ties with more than 140 countries and friendly ties with 67 provinces, states, and cities in foreign countries; and had 110,000 overseas Chinese of Liaoning origin and 12,000 foreign-invested enterprises. Every year, the province sends more than 30,000 people overseas for investigations, study, and trade talks; and nearly 300,000 persons come to Liaoning for tours and trade talks. These are useful avenues linking Liaoning with foreign countries and other provinces. We should fully use these existing avenues. So long as we use well the conditions conducive to expanding the scale of opening up, then we

will further open ourselves wider and further implement the strategy for developing an export-oriented economy to promote the overall economic development.

To Implement the Strategy of Developing an Export-Oriented Economy To Promote the Overall Economic Development, We Must Also Realistically Strengthen Leadership

Strengthening leadership is a key organizational guarantee for implementing the strategy. To this end, the provincial party committee especially established a leading group for implementing this strategy. A subordinate office for handling the leading group's day-to-day work was also established. Members of the leading group should assume responsibility for organizing the strategy's implementation. Instead of creating obstacles, departments concerned should positively support and give impetus to implementing the strategy. The office should hold themselves responsible to the leading group. According to the guidelines of the policy decisions of the provincial party committee, we should ceaselessly upgrade our plan for implementing the strategy, go deep to the grass roots to investigate and study the major problems arising from implementation, set forth countermeasures, and give opinions. We should use typical examples to accurately guide and promote the implementation work. We should organize the party committees, people's congresses, governments, and the Chinese People's Political Consultative Conference organizations at various levels and all departments concerned to coordinate their functions in implementing the strategy; mobilize all fronts' enthusiasm; and pool their joint efforts. Simultaneously, we should supervise and examine all localities and the provincial-level party and government departments' performances in implementing the strategy. To implement it well, all cities and counties should strengthen the leadership over implementation work, en-

sure that the higher level will assume responsibility for the work of the lower level, and ensure the work is implemented to the letter and that real achievements are made.

The year 1996 marks the first year of the Ninth Five-Year Plan. I hope that all prefectures and departments conscientiously study the new situation, solve new problems emerging during implementation, make concerted efforts, do solid work, make a breakthrough in the 1996 opening-up work, and make a good, hopeful start in smoothly realizing the Ninth Five-Year Plan.

PRC: Zhuanghe To Become Extension of Dalian Economic Zone

OW0202083696 Beijing XINHUA in English
0753 GMT 2 Feb 96

[FBIS Transcribed Text] Dalian, February 2 (XINHUA) — Zhuanghe city in the northeastern Liaodong peninsula will become an economic base of Dalian, an open coastal city in Liaoning Province.

Zhuanghe is the biggest county in southern Liaoning with hills to the northwest and the Yellow Sea to the southeast. Its water resources amount to 1.8 billion cubic meters, ranking the first in the province.

Dalian, which suffers from a water shortage, plans to build an expressway to connect with Zhuanghe, as well as a port, a local railway and a power plant in Zhuanghe, with a planned investment of 21.18 billion yuan in the coming years.

A local official said that foreign business people are showing an interest to invest in construction of these projects.

PRC: Wu Yi Blames Taiwan for Setbacks in Trade Ties

HK0502071496 Beijing CHINA DAILY in English
3 Feb 96 p 1

[By Gao Bianhua: "Divisive Actions Slow Trade"]

[PTS Transcribed Text for FBIS] Chinese Minister of Foreign Trade and Economic Co-operation Wu Yi yesterday blamed Taiwanese authorities for setbacks in trade relations between the mainland and Taiwan in the second half of last year.

Trade across the Taiwan Straits increased only 1 per cent in the second half of 1995 — as compared to 21 per cent year-on-year growth seen in the first six months of the year, Wu said.

She was addressing a Beijing symposium held to mark the first anniversary of President Jiang Zemin's statement on promoting relations across the Taiwan Straits.

"Reviewing the changes of relations between the mainland and Taiwan last year, we can see clearly that Jiang's eight principles for the reunification of China can promote the development of relations while the perverse acts of some leaders in Taiwan can only result in serious setbacks and retrogression."

Wu said that the economic and trade ties between the two sides had developed rapidly in the first half of last year, following the release of Jiang's statement.

During that period, indirect trade between the two sides reached \$8.4 billion, 21 per cent more than in the same period of 1994.

And the actual investment of Taiwanese companies in the mainland increased 8.6 per cent to reach \$1.578 billion in the January-June period in 1995.

"This indicated that Taiwan investors were optimistic about relations between the two sides. They had stronger confidence in investing in the mainland," Wu said.

However, she noted that Taiwan authorities did not make any substantive response to Jiang's speech but obstinately clung to their mistaken stand on "two Chinas" or "one China, one Taiwan."

Lee Teng-hui's US trip in June, last year, triggered an ebb in relations and cast a shadow over Taiwanese companies' investment in the mainland.

Official statistics show that during the July-September period last year, Taiwan-funded projects in the mainland stood at 991, down 31 per cent from the same period of 1994. And the pledged and actual Taiwan investment

fell 20.8 per cent and 20 per cent respectively in the period.

In the second half of last year, trade between the two sides only increased 1 per cent compared with 21 per cent in the first half. The mainland's imports from Taiwan even decreased by 1.4 per cent.

Wu stressed: "It's absolutely impossible for Taiwan authorities to fish for economic benefits of trade development with the mainland while at the same time engaging in creating 'two Chinas' or 'one China, one Taiwan'."

"We insist that political disputes not impair the economic co-operation between the two sides. However, we will never permit anyone to use our goodwill to split China."

Wu said her ministry will continue to take practical and flexible measures to promote direct trade between the mainland and Taiwan while insisting on the principle of "one China."

PRC: Mainland Ready for Sea Link Talks With Taiwan

OW0502143096 Beijing XINHUA in English
1420 GMT 5 Feb 96

[FBIS Transcribed Text] Beijing, February 5 (XINHUA) — The mainland is fully prepared to hold talks with Taiwan on opening of a direct sea link across the Taiwan Strait, China's minister of Communications said here today.

Huang Zhendong made the remark at a forum marking the first anniversary of President Jiang Zemin's speech on China's reunification.

Huang noted that the economic and trade boom across the Taiwan Strait has created stronger demands for direct transportation between the mainland and Taiwan island, and that the Ministry of Communications made it clear in 1979 that merchant ships from Taiwan are welcome at open ports on the mainland.

In 1992, the ministry put forward its "one China, two-way direct traffic, and mutual benefits" principle in dealing with direct shipping across the Strait, Huang explained.

The minister pointed out that direct shipping between the mainland and Taiwan should be handled within the one China principle, and that markets on both sides of the Straits should be developed by shipping businesses, and that no conditions or political restraints should be placed on mail service, trade, and air and shipping services across the Taiwan Strait.

According to Huang, a good foundation has been laid for direct sea links after years of friendly exchanges and the mainland supports the fourth symposium to be held sometime this year, in the hope that a plan for direct shipping services can be worked out.

Representatives of the shipping industry, such as the president of China Ocean Shipping Co., also voiced support for the opening of direct sea links between the mainland and Taiwan as early as possible, at today's forum.

PRC: Taiwan Studies Society Meets on Reunification Speech

*OW0502163596 Beijing XINHUA in English
1617 GMT 5 Feb 96*

[FBIS Transcribed Text] Beijing, February 5 (XINHUA) — Adhering to the one China policy and pushing for national reunification were called for at a forum held here today.

The forum was held by the National Society for Taiwan Studies to mark the first anniversary of Chinese President Jiang Zemin's speech on national reunification.

Cheng Siyuan, vice chairman of the Standing Committee of the National People's Congress and chief of the society said that the society has done a lot of work for national reunification in the past year under the guidance of Jiang's speech and the Party Central Committee's Taiwan policy of "peaceful reunification, one country and two systems".

All those present at the forum agreed that the core of Jiang's speech is the one China principle, and it is the basis for the development of cross-straits ties and the achievement of a peaceful reunification of China.

PRC: Indirect Taiwan Investment in Mainland Rises in 1995

OW0602003296 Beijing XINHUA Domestic Service in Chinese 0951 GMT 2 Feb 96

[FBIS Translated Text] Beijing, 2 Feb (XINHUA) — Taiwan's "Ministry of Economic Affairs" recently released the latest figure showing amount of Taiwan's indirect investment on the mainland last year at \$1.93 billion, an annual rise of 13.6 percent.

Last year, Taiwan's "Ministry of Economic Affairs" approved 490 mainland investment application cases, a drop of 50 percent from the previous year. The investment amount, however, rose, indicating the trend of businessmen from Taiwan making more large scale investment in the motherland.

Investment by Taiwan's businessmen on the mainland is mainly concentrated on the electronics and electric appliance manufacturing sector, food and soft drink sector, base metals and means of transport manufacturing sector, of which the largest amount of investment is in electronics and electric appliance manufacturing sector at \$215 million, followed by the food and soft drink industry.

Major regions of investment from Taiwan are mainly in Jiangsu and Shanghai with an approved investment amount of \$395 million, accounting for 36.12 percent of the total investment, followed by Guangdong with \$223 million.

PRC: Taiwan-Invested Firms Thrive in Jiangsu

*OW0502103796 Beijing XINHUA in English
0851 GMT 5 Feb 96*

[FBIS Transcribed Text] Nanjing, February 5 (XINHUA) — Taiwan-invested firms developed rapidly in both number and scale in east China's Jiangsu Province in 1995.

By the end of that year 6,100 Taiwan-invested firms had been approved by the provincial government, 1,100 more than in 1994.

Jiangsu has established close relationships of co-operation with medium-sized and small Taiwan-invested firms in the past few years.

An official with the provincial government said that township enterprises around Suzhou, Wuxi and Changzhou cities have drawn the largest number of Taiwan investors, thanks to their advanced technology and management expertise.

The number of Taiwan-invested firms has reached 1,800 in Suzhou, accounting for one third of the total in the province.

In 1995 Jiangsu registered 100 projects with an average investment of over ten million US dollars. And over 20 out of the 100 leading companies in Taiwan had invested in Jiangsu.

Actual foreign capital in Jiangsu increased markedly in 1995 as a result of the favorable investment environment.

So far, 52 percent of the 8.5 billion US dollars in contractual funds have materialized, with investment in 70 percent of the big projects already in place.

Taiwan: Li Teng-hui on Mainland Use of Force To 'Bully Taiwan'

OW0602024296 Taipei CNA in English
0143 GMT 6 Feb 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Feb. 5 (CNA) — President Li Teng-hui on Monday [5 February] said that the China unification issue should "by no means" be resolved through military force, and that it will take time for Taiwan and the mainland to understand one another.

"Using peaceful means (to resolve problems) is a worldwide trend," Li said to a gathering of family clans from Yulin County, central Taiwan. "The fact that the Chinese communists frequently use force to bully Taiwan has been despised by the world."

More than 2,000 people were present at the rally, which also marked the formation of a Li-lien Chan booster club by the clans' association. Premier Lien Chan has been nominated as Li's running mate by the ruling Kuomintang.

Li's remarks coincided with a WASHINGTON POST report on Monday which said that Beijing is planning an upscale military exercise in the Taiwan Strait in the next two months as part of an effort to intimidate Taiwan's leadership and populace before the March 23 presidential election is held.

Li described the direct presidential election, which will be the ROC's first, as the "realization" of ROC founding father Sun Yat-sen's ideal of popular sovereignty.

Li said the presidential race is a direct result of democratic reforms and dynamic economic development over the last six years, adding that it also mirrors the "dignity" of Taiwan's 21 million people.

In his 40-minute speech, Li told the audience not to worry about falling share prices and anemic home sales, saying that given time, he will help resolve the problems.

Drawing a rosy picture for the country, Li said national-development targets for the turn of the century have been set at US\$20,000 average per-capita gross national product and entry into the world top 10 rankings in terms of gross national product. Taiwan's average per-capita GNP topped US\$12,000 as of the end of 1995.

Taiwan: Mainland Apologizes for Changing Name of Olympics Team

OW0602040796 Taipei CNA in English
0153 GMT 6 Feb 96

[By Chou Yang-li and Danielle Yang]

[FBIS Transcribed Text] Harbin, Feb. 5 (CNA) — Wei Jizhong, secretary-general of the Mainland Chinese Olympic Committee, on Monday [5 February] apologized to the ROC winter Olympics team for Mainland China's unilateral change of the team's name from "Chinese Taipei" to "Taipei China."

The ROC team, headed by Head Coach Chang Chih-man and Alfred Chien, director of the Education Ministry's Physical Education Department, is in Harbin for the Asian Winter Olympics.

The team lodged a protest to the Mainland Chinese organizing committee immediately after finding its name had been changed to "Taipei China" for Sunday's opening ceremony and in the official program guide for the Asian Winter Olympics.

Mainland China accepted the protest and Wei later apologized to the ROC delegation.

Taiwan: Ministry Sees No Unusual Military Movements in PRC

OW0602025696 Taipei CNA in English
0157 GMT 6 Feb 96

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, Feb. 5 (CNA) — The National Defense Ministry said on Monday [5 February] that there has been no sign of unusual military movements across the Taiwan Strait, despite widespread reports that communist China is about to launch a large military exercise.

The WASHINGTON POST reported in a front-page story on Monday that the exercise will be held within two months, and is meant to intimidate Taiwan in the run-up to Taiwan's first direct presidential election, slated for March.

Similar reports were also seen in Monday's editions of Hong Kong's SING TAO daily and a Japanese newspaper. The SING TAO said that more than 400,000 troops will partake in the maneuver along the southern Mainland China coast.

Defense Ministry Spokesman Maj. Gen. Kung Fan-ding said, however, that there has so far been no evidence of Mainland China's building up military forces along the coast opposite Taiwan.

He said the military will keep a close eye on the situation.

Meanwhile, local military analysts said it is normal for a regime like Beijing, with a military force of 3 million, to hold regular training drills all year round.

They added that the people of Taiwan should learn to discern genuine information about mainland military maneuvers from rumors.

Taiwan: Vice President Li, Entourage Arrive in Haiti

*OW0602114096 Taipei CNA in English
0929 GMT 6 Feb 96*

[By Liang Chun-ti and Sofia Wu]

[FBIS Transcribed Text] Port-au-Prince, Haiti, Feb. 5 (CNA) — ROC [Republic of China] Vice President Li Yuan-zu, accompanied by a five-member entourage, arrived in Haiti Monday [5 February] to attend the inauguration of Rene Preval as Haiti president on Wednesday.

Li was greeted by Haitian Prime Minister Claudette Werleigh and Foreign Affairs Minister Emmanuel Fritz Longchamp upon his arrival at the airport from Miami.

Li said he felt honored to represent President Li Teng-hui to attend the historic Haiti presidential inauguration, which marks the first transition from one democratically-elected president to another in the French-speaking Caribbean nation.

Noting that the Republic of China and Haiti have shared a longstanding friendship, Li said he hopes relations between the two countries can be further strengthened through frequent exchanges of visits by officials from both sides.

Li is the first high-ranking ROC official to visit Haiti in more than 20 years.

Haiti Ambassador to Taiwan Sonny Seraphin, who returned to Haiti earlier this month to help arrange Li's visit, said the Haitian Government attaches great importance to Li's visit. "I believe Li's visit will help reinforce the already cordial ties between our two countries," Seraphin told a group of Taiwan reporters who are here to cover Li's visit.

Chen Ming-teh, deputy director of the Central and South American Affairs Department under the Ministry of Foreign Affairs and a member of Li's entourage, said although Mainland China has spared no effort to sabotage ROC's diplomatic ties with other countries, ROC-Haiti relations have remained firm and solid.

Chen was responding to reports that Mainland China, a permanent member of the United Nations Security Council (UNSC), may veto Haiti's request to extend the UN peacekeeping mission to vent its anger at Li's attendance to the upcoming Haiti presidential inauguration.

Chen said the UN peace force is important to help maintain law and order in Haiti. However, Chen said, if no other UNSC member proposes a bill opposing the extension of UN peacekeeping mission in Haiti after the current UN mandate expires at the end of this month, Mainland China is not expected to veto Haiti's request for continued UN peacekeeping mission.

The ROC and Haiti established formal diplomatic relations in 1956 and have since maintained close ties. ROC Ambassador to Haiti Li Nan-hsing has been on the post for nearly 20 years and has developed extensive connections in local society.

During a recent meeting with Li, Haiti President-Elect Rene Preval expressed his hope that the ROC can help his country resume rice production and develop small- and medium-sized enterprises.

In response to the request, a ROC mission of agricultural experts will visit Haiti in late February to look into Haiti's actual needs and then map out a detailed plan to help the country develop its battered economy.

Taiwan: Police Boats Patrol Quemoy To Repel Intruders

*OW0602040696 Taipei CNA in English
0111 GMT 6 Feb 96*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Feb. 5 (CNA) — Two marine police boats began patrolling around the ROC defense outpost of Kinmen [Quemoy] on Monday [5 February] to help repel intruding mainland Chinese fishing boats and prevent smuggling across the 100-mile Taiwan strait.

Braving rough seas and bad weather, the 50-ton PP817 and 30-ton PP705 patrol ships, escorted by two 400-ton marine police vessels, arrived at Kinmen's Liaolo Port on Sunday and began patrolling Monday morning.

Yang Tzu-ching, head of the Marine Police Corps, also known as the Seventh Peace Preservation Corps, personally led the fleet to Kinmen. He said the corps sent the two patrol ships to the frontline island, which is closer to Mainland China's southeast coast than to Taiwan, at the request of the Kinmen Defense Command.

Now is the season for eel-fry fishing in waters near Kinmen. In recent weeks, groups of Mainland Chinese fishing boats, each group composed of 10 to 15 ships, have repeatedly trespassed into Kinmen waters to fish for eel fry. The number of intruding mainland boats reaches 200 to 300 a day. As cross-strait ties are sensitive at the moment, the Kinmen Defense Command said it hopes the Marine Police Patrol ships will help disperse intruding mainland fishing boats and prevent smuggling to maintain the island's coastal security.

With the Seventh Corps' assistance, Kinmen troops can reduce their involvement in repelling intruding mainland fishing boats and avoid giving Beijing any excuse to escalate tensions in the strait.

The two marine police patrol boats will stay in Kinmen for one month, Yang said.

On its way to Kinmen on Sunday, the Marine Police Fleet intercepted a Keelung-based fishing boat some 22 nautical miles east of Kinmen. The boat was suspected of intending to smuggle 30 tons of animal intestines from Mainland China into Taiwan. The boat and its crew were brought to Kinmen for questioning.

Yang said that in July 1994, the Marine Police Squad sent patrol boats to Kinmen for maneuverability tests and crew training. "The current one-month patrol mission is part of the squad's preparations to share responsibility for defending Kinmen's coastal security and protecting its fishery resources," he added.

At present, the Kinmen Defense Command is charged with safeguarding the island's sea and air security. The cabinet has decided to revise the current regulations to authorize the Marine Police Squad to help protect Kinmen's coastal safety, Yang said.

Taiwan: Lien Discusses Mainland-Taiwan Issues With AIT Chairman

*OW0602043696 Taipei CNA in English
0208 GMT 6 Feb 96*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Feb. 5 (CNA) — Premier Lien Chan said on Monday [5 February] that the March 23 presidential election will be a new start not only for Taiwan's relations with Mainland China, but for relations with the United States as well.

"It has always been our faith that both sides share the same interests," Li said, adding that temporarily shelving the sovereignty issue would be a pragmatic approach to resolving Taiwan-mainland issues.

Lien made the remarks while meeting with James C. Wood Jr., who was appointed chairman and managing

director of the American Institute in Taiwan (AIT) on Dec. 14.

Lien told Wood that the economic ties between Taiwan and Mainland China are so close that Taiwan's continued investment is indispensable to the mainland economy, and warned that the mainland's military buildup looms large over the ties.

Defending the ROC Government's bid to gain greater international recognition, which has been interpreted by Beijing as efforts to pursue an independent Taiwan, Lien said that if the ROC Government had intended to separate Taiwan from China, it would not have taken the initiative to facilitate civilian exchanges with the mainland.

Wood said he agreed with Lien, and vowed to take more active steps to further improve the bilateral ties. Wood also voiced hope that Taiwan's financial market will be open wider to prospective American investors.

Wood, who arrived here last week, will call on a number of officials and individuals involved in issues of concern to the AIT before he departs on Feb. 16. This is his first Taiwan visit since he assumed his post.

The AIT is a semi-official organization organized by Washington to handle exchanges with Taipei in the absence of official diplomatic ties.

Wood, who replaced Natale Bellocchi, who served as AIT chairman for five-and-a-half years, is an attorney with extensive experience in international relations.

Taiwan: Chen Li-an Makes Statement on Relations With Beijing

*OW0602043896 Taipei CNA in English
0201 GMT 6 Feb 96*

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, Feb. 5 (CNA) — Independent presidential candidate Chen Li-an on Monday [5 February] made his own 10-point statement on relations between Taipei and Beijing.

In the statement, Chen called for both sides across the Taiwan strait to shelve their dispute about sovereignty and seek common interests out of respect for each other's respective historical development.

He also called for the two rivals to halt their diplomatic confrontation on the world stage, to build mutual trust, and to keep stability across the strait.

In order to avoid misunderstandings, the statement said, high-ranking contacts, preferably between the ROC's

Executive Yuan and Mainland China's State Council, are necessary.

Chen said the priority agenda for both Taipei and Beijing is to reopen a political dialogue as soon as possible in order to begin clearing up hostilities.

A spokesman for Chen said Chen will outline his 12 ideas about governing the island beginning on Tuesday, with one idea being offered each day for 12 days.

Hong Kong

Hong Kong: Quality of PLA Hong Kong Garrison Extolled

OW0502145296 Guangzhou NANFANG RIBAO
in Chinese 29 Jan 96 pp 1, 2

[By reporter Ma Lihua (7456 4539 5478) and correspondents Huang Qunwen (7806 5028 2429) and Han Ruiping (7281 3843 5478): "A Mighty and Cultured Force — the Graceful Bearing of the PLA Garrison Unit in Hong Kong"]

[FBIS Translated Excerpt] [Passage omitted] **Historic Missions, Sacred Responsibilities**

The garrison unit of the Chinese People's Liberation Army (PLA) stationed in Hong Kong was born under the guidance of Comrade Deng Xiaoping's great concept of "one country, two systems." During a conversation on 3 October 1984 with Chinese visitors from Hong Kong and Macao attending the National Day celebrations in Beijing, Deng Xiaoping noted: "I said that China had the right to station troops in Hong Kong. I asked what else could demonstrate that China exercised sovereignty over the territory." The PLA garrison units in Hong Kong were formed exactly in accordance with the tasks entrusted the PLA by the PRC Constitution and the "Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China" under an order issued by the Central Military Commission [CMC] and in line with the overall requirements set by President Jiang Zemin that all Army units must "be qualified politically and competent militarily, have a fine style of work, maintain strict discipline, and be assured of adequate logistical support."

Army history will always remember the moment when this youngest army unit was born:

At the unit's inauguration, General Li Xilin, former commander of the Guangzhou Military Region, presented, on behalf of the CMC, a "1 August" ensign to the Hong Kong garrison commander Major-General Liu Zhenwu.

Under the ensign is a combined crack force of naval, ground, and air force personnel. The garrison unit will enter and be stationed in Hong Kong on 1 July 1997 and serve as a hallmark of the resumption of China's sovereignty over Hong Kong and also as a key guarantee for Hong Kong's long-term prosperity and stability. The principal tasks of our garrison unit in Hong Kong will be to undertake the defense of the Hong Kong Special Administrative Region [HKSAR]. When needed, they will, upon the request of the HKSAR Government and with the approval of the Central People's Government, provide assistance in safeguarding public order and in

coping with emergencies and helping people tide over natural disasters.

The CPC Central Committee, State Council, the CMC, and people throughout the country have a keen interests and high hopes for the garrison. During an inspection tour of Shenzhen on 6 December 1995, President Jiang Zemin paid a special call to the unit and wrote an inscription: "Keep the true qualities of the People's Army and safeguard the prosperity and stability of Hong Kong."

Carry Forward Tradition and Create New Glory

The garrison unit in Hong Kong is a heroic unit with a glorious history.

The Infantry Brigade of the Hong Kong garrison grew out of the famous First Regiment, First Division, Red First Army, which was also commonly referred to as the "Red First Regiment." It produced during the Revolutionary War years heroic figures and model collectives like the "17 brave men who made a forced crossing of the Dadu River," "the five heroes of Langya Mountain," and the "Meritorious Artillery Company" which killed Lieutenant-General Abe Kishu, the so-called "Flower of Famous Generals" of the invading Japanese troops. A total of 142 noted marshals and generals including Luo Ronghuan, Su Yu, and Yang Dezhi all saw action in this unit.

The naval vessels detachment of the garrison is a crack unit that has rendered meritorious services in the battle of the Wanshan Islands, the "6 August" sea battle [1965, between the PLA Navy and Taiwan's navy in Fujian's Dongshandao sea area], and the Xisha [Paracel] Islands sea battle. It has produced many heroic collectives and individuals, such as the "Sea Vanguard" and "Sea Heroes," and combat hero Mai Xiande [7796 6343 1779]. In recent years, it has successfully accomplished war preparedness duties and exercises off the Nansha [Spratly] and Xisha Islands and in Beibu Bay.

The air corps of the Hong Kong garrison is also a unit with a glorious history. It flew missions in major military operations including the defense of the Xisha [Paracel] Islands and took part in a number of missions in support of the recovery of satellites, the launching of intercontinental missiles, and military research undertakings. It also rendered outstanding services in coping with emergencies and helping people tide over natural disasters during the earthquakes of Yingkou and Tangshan; the flood in Zhumadian, Henan; and the Greater Xing'an Range fire.

Officers and men of the Hong Kong garrison are the cream of the crop chosen from throughout the military.

Their political, military, and education qualifications have made deep impressions on people.

Members of the Hong Kong garrison's party committee were trained at military academies and possess higher educational credentials. Some of them come from our military's highest academic institution while others hail from our leading military organs. Some have long served as leading military and government officers at the division level. All are the outstanding elements of cadres at corresponding levels.

Liu Zhenwu, commander of the Hong Kong garrison, was among the top performers at the 1964 military skills contest. This commander, who rose from private to general, is an "avid reader." Well-read and knowledgeable, he is good at applying what he learned in guiding army building. [passage omitted]

Xiong Ziren, the resourceful and sharp-minded political commissar of the Hong Kong garrison, has rich experience in political work. While a division political commissar, his division and its party committee were respectively named by the Guangzhou Military Region as an all-around advanced unit and an "advanced party committee."

Fighter Xu Dehua of the Infantry Brigade joined the service last year. He speaks English and reads English language newspapers. Take the ground force officers for example. The overwhelming majority of them possess higher education credentials. Of the officers and men to be garrisoned in Hong Kong, 37 have been named exemplary heroes or models by military districts or higher authorities, six have been cited for first class meritorious services; and 30 percent of all the cadres have been cited for , third class meritorious services.

Following its inauguration, the PLA garrison unit in Hong Kong has carried out education on revolutionary traditions among officers and men, encouraging them to have lofty aspirations and great ideals and to "seize the day and seize the hour to successfully accomplish our mission." With the goal of "building a mighty army and demonstrating our nation's and Army's strength" in mind, they have been undergoing training with soaring enthusiasm.

A large "countdown clock," with red numbers on a dark background, hangs on the wall opposite the entrance to the lobby of the Hong Kong garrison's office building. The clock shows the hours down to the minute at which the Chinese Government resumes the exercise of sovereignty over Hong Kong. With a strong sense of mission and urgency, the officers and men of the Hong Kong garrison went about organizing themselves. After

a while, they were able to project to the world the heroic posture of a powerful force. [passage omitted]

Hong Kong: Hong Kong To Remain Financial Hub *OW0202164396 Beijing XINHUA in English* 1528 GMT 2 Feb 96

[FBIS Transcribed Text] Hong Kong, February 2 (XINHUA) — China will continue to take Hong Kong as the base market to raise funds for its state-owned enterprises after 1997, according to a high-ranking Chinese securities official.

Li Jiange, Vice-chairman of China Securities Regulatory Commission (CSRC) — the country's top watchdog on securities, made the remarks in a luncheon speech delivered at an Investors' Forum, sponsored by the Hong Kong Stock Exchange.

"The commission will consistently put Hong Kong as a major market for the overseas listing of Chinese state-owned enterprises beyond 1997," said the official.

Li stressed that the listing policy shows that the Chinese government strongly supports Hong Kong's position as an international hub of finance, which is essential to the long-term prosperity and stability in the region after 1997.

"CSRC will consistently keep the good cooperative relations with the Securities and Exchange Commission of Hong Kong, the Hong Kong Stock Exchange and the Futures Exchange after 1997," Li said.

By the end of 1995, 20 Chinese state-owned enterprises had gone public in Hong Kong and the United States, raising 3.75 billion US dollars. Three were listed in America, and 17 issued H shares in Hong Kong.

One more H share, issued by China's largest textile machinery manufacturer, today had its transaction started on the Hong Kong bourse.

Li emphasized that all these overseas listed companies were selected from the top state-owned enterprises, which not only take big market shares in different industries, but also play significant roles in the national economy.

In an exclusive interview with XINHUA, Li made no comment or prediction on the current performance of H shares, which "might not be as good as expected". But he said that in a long perspective, the rapid growth of China's economy will be a powerful engine to fuel H shares up.

Hong Kong: State To Set Criteria for Chinese Passports

HK0502081096 Hong Kong EASTERN EXPRESS
in English 5 Feb 96 p 2

[By Sam Mok in Beijing and Jimmy Cheung]

[PTS Transcribed Text for FBIS] The criteria for Hong Kong people to acquire a Chinese passport will be spelled out by the Chinese government at a meeting with a Hong Kong political party.

The pro-Beijing Democratic Alliance for the Betterment of Hong Kong (DAB) will today meet officials of the Ministry of Public Security in Beijing.

Prompted by the incident involving a Preparatory Committee member, Lo Tak-shing, who mysteriously acquired a Chinese passport from the Guangdong Public Security Bureau last year, the party will ask Beijing officials for clarification.

The Chinese government has in the past maintained that Hong Kong people cannot be issued Chinese passports while the territory is under British rule.

Cheng Kai-nam, the secretary-general of the DAB, said last night that they would also raise the question of Hong Kong people being detained in China, as in the recent case of a film director; the abuse of the two-way permits issuing system; and discussions with other countries on visa-free entry arrangements for the future special administrative region (SAR) passport.

The DAB is also preparing to discuss selection of the chief executive of the SAR with the director of the Hong Kong and Macao Affairs Office, Lu Ping, today.

Lu will be asked to consider appointing an independent monitoring body over the selection committee in electing the SAR chief executive.

The party's chairman, Tsang Yok-sing, said the body should be set up to enhance the credibility of the selection process.

A preliminary proposal is to appoint five respectable public figures with judicial backgrounds to keep the election clean.

The group will be appointed by the Preparatory Committee to monitor the selection process and hold inquiries or investigate malpractice upon complaints.

It will make recommendations to the Preparatory Committee to declare the elections null and void, or to disqualify candidates and selection committee members if complaints are substantiated.

Tsang suggested that no member of the 400-strong selection committee should be appointed to the proposed body, in order to enhance its independence.

He denied any distrust in the selection committee, saying there would be a genuine need to create a monitoring mechanism. "It would be much better if complaints over the election are to be handled by an independent body [rather] than by the Preparatory Committee itself," he said. He said he would discuss further details with Lu during the visit.

On a four-day tour, the 26 strong delegation will also discuss the wage disputes of imported Chinese workers with the Foreign Trade and Economic Co-operation Ministry; and the impact of China's new five-year economic plan and its austerity policy on Hong Kong with the State Planning Commission. They will be received by the Chinese Premier, Li Peng, tomorrow.

Hong Kong: Editorial Admonishes Beijing To Define 'Behave'

HK0502093096 Hong Kong EASTERN EXPRESS
in English 5 Feb 96 p 11

[Editorial: "China Must Explain Odd Behaviour"]

[PTS Transcribed Text for FBIS] If only Hong Kong had more direct dialogue with China, someone could ask them to explain what they mean when they talk about "behaving". This is an admonition normally reserved for children, but Beijing apparently demands it of everyone, regardless of age or status.

Weeks ago, the Governor, Chris Patten, was being advised to "behave". Last week, the deputy secretary of the Preparatory Committee was proffering the same advice to the Democratic Party. "Behaving", it appears, is saying only what is acceptable to the communist regime, and toeing the party line with the abject obedience of a whipped cur.

Those who were born and raised under this system, schooled within its stifling confines and without experience of life beyond, may not question the dictum too closely. The Preparatory Committee, however, has 94 members from Hong Kong. No one has told them to "behave" since they left senior school; instead, they have flourished under a system which encourages freedom of thought and action, provided that it is carried out with regard for others, and respect for the rule of law.

How do they react, we wonder, when they hear their fellow citizens being exhorted to "behave"? In particular, how do they feel when these words are addressed to a political party which has majority support in Hong Kong?

Are they comfortable with that philosophy? Do they approve of it? Did they endorse the remarks before they were made? Were they consulted?

These are rhetorical questions, of course, with self-evident answers. There is no doubting that Hong Kong's representatives understand the democratic process and are completely at ease with it. They have flourished under it and they know that its strengths far outweigh its weaknesses.

Assuredly, many within the group will try to make the Chinese authorities understand that they have nothing to lose and much to gain by listening to what the Democratic Party has to say.

If officials in Beijing are wise enough to respond positively to the party's request for a meeting, they can easily set out the terms. If they feel that contact with Democrats should be kept low-profile, they have only to say so.

The Democratic Party will almost certainly comply; though keeping the meetings secret would waste a good public relations exercise. Hong Kong would get a tremendous lift from such dialogue, as would China's popularity. Providing, of course, it was a courteous exchange of views, rather than a lecture about "behaving".

Hong Kong: Polls Shows Low Confidence in SAR Government

HK0502080496 Hong Kong SOUTH CHINA MORNING POST in English 5 Feb 96 p 2

[By Catherine Ng]

[PTS Transcribed Text for FBIS] Confidence in the future Special Administrative Region government has dropped significantly, a survey has revealed.

Nearly 53 per cent of respondents said they had no confidence in the SAR, according to the survey by legislator Leung Yiu-chung and his Neighbourhood and Workers' Service Centre.

In a similar survey in January last year, only 33 per cent of interviewees gave a negative answer to the SAR government question.

And 67 per cent of respondents also revealed that they felt the Preparatory Committee was not representative enough.

Mr Leung said it was unexpected to see the working class sharing such strong feelings on the committee. He said: "The findings also tell us people have got used to elections in Hong Kong. Their refusal to accept a system by appointment is understandable."

The majority also said their lack of confidence was the result of frequent changes of policy by the Chinese Government and its unhealthy legal system.

The centre started conducting the survey, "How workers face 1997", last year. Workers and low-income groups were its target.

This year, the centre interviewed 182 people. More than 90 per cent earned less than \$15,000 a month, and 80 per cent were aged between 20 and 50.

Mr Leung called on China to allow a one-person, one-vote system to elect the future chief executive to restore people's confidence.

Hong Kong: Watchdog Proposed To Ensure 'Just, Fair Election'

HK0502075796 Hong Kong SOUTH CHINA MORNING POST in English 5 Feb 96 p 2

[By Catherine Ng]

[PTS Transcribed Text for FBIS] A leading political party is to ask Beijing to set up an independent body to ensure a "just and fair election" of the chief executive and provisional legislature.

The Democratic Alliance for the Betterment of Hong Kong said an independent committee composed of about five "well-known" and "authoritative" figures should be established.

Its major duty would be to monitor the work of the Selection Committee, which will pick the chief executive.

It would also look at the election of the provisional legislature, handle complaints and lay down punishment for any breach of regulations.

Secretary-General Cheng Kai-nam said yesterday that the proposal aimed to "enhance public confidence about the future Special Administrative Region [SAR] government head".

Independent people from the legal and judicial professions were seen as suitable for the watchdog.

They could be members of the Preparatory Committee, but not the Selection Committee.

Mr Cheng said: "The motive is to avoid 'small circle' elections and to prevent any illegal manoeuvres from being used during the elections."

Chairman Tsang Yoksing said: "We certainly believe the Selection Committee will fulfil its duties properly. But to set up a mechanism will help ease public worries."

The suggestion will be forwarded to the Hong Kong and Macao Affairs Office by the alliance during its four day visit to Beijing.

SAR passports, the definition of permanent residency, arrangements for the Chinese garrison in Hong Kong, law and order in Guangdong, and labour importation will also be discussed.

The alliance has prepared detailed proposals on the formation of the 400 member Selection Committee and the method of the future elections, including those for the municipal councils and district boards.

The alliance said all sectors and professions should put forward a nomination list for the Selection Committee. The Preparatory Committee should then make its choice according to the Basic Law.

The delegation will meet Lu Ping, director of the Hong Kong and Macao Affairs Office, this afternoon to discuss operations of the Preparatory Committee and the provisional legislature and permanent residency. Tomorrow they meet Prime Minister Li Peng.

Hong Kong: Editorial Supports Independent 'Watchdog' Committee

HK0502081496 *Hong Kong SOUTH CHINA MORNING POST in English* 5 Feb 96 p 18

[Editorial: "Flying Start For SAR"]

[PTS Transcribed Text for FBIS] For more than a decade, Hong Kong has been steadily winning the fight against corruption. Gone are the days when it was an unpleasant aspect of everyday existence. Now the territory boasts anti-graft laws, and anti-graft enforcement, which are the envy of most Asian nations.

The change of sovereignty can be expected to make it harder to maintain this impressive track record. Corruption on the mainland is far more prevalent and the number of cases recorded locally is already rising, almost in anticipation of the transition.

Chinese leaders have repeatedly stressed their commitment to fighting corruption and have said they understand the importance of keeping the territory graft-free. But today they have a chance to put such pledges into practice — when the Democratic Alliance for the Betterment of Hong Kong (DAB) delegation visiting Beijing presents a proposal for an independent body to monitor the workings of the Selection Committee.

This 400-strong committee is shortly to be formed by the Preparatory Committee. It will have the vital task of electing the first chief executive and the members of the provisional legislature.

The Secretary for Constitutional Affairs, Nicholas Ng Wing-fui, has already confirmed the committee's workings will be beyond the scope of the territory's rigorous electoral anticorruption laws. This is inevitable, given the unique constitutional circumstances associated with the transition. But it leaves an unfortunate gap, which the DAB's proposal seeks to fill. An electorate of only 400 is well within the scope of a determined vote-buyer. Regardless of whether anyone attempts to do this — and regardless of whether any on the committee would even consider a bribe — suspicions will be inevitable if there is no independent monitoring mechanism. These would unfairly tarnish the image of the chief executive and might damage the credibility of the Special Administrative Region (SAR) government.

This is why the DAB's proposal is to the benefit of everyone involved. Their proposed five-member independent monitoring committee, of respected and well-known community figures, would do much to enhance public confidence in the process by which Hong Kong's future leader is chosen.

Its members should preferably be drawn from the judiciary or legal profession. They could use the existing electoral anti-corruption laws as a reference point in deciding what rules and guidelines to lay down.

Such an independent monitoring mechanism would get the SAR government off to a flying start by showing the new administration will strive to keep the territory graft-free. But failure to endorse the idea would send an unfortunate message to Hong Kong and the world. Beijing should have no hesitation about whole-heartedly embracing the DAB's proposal.

Hong Kong: Guangdong-Hong Kong-Macao Cooperation Urged

OW0502100796 *Beijing XINHUA in English* 0801 GMT 5 Feb 96

[FBIS Transcribed Text] Guangzhou, February 5 (XINHUA) — As the return of Hong Kong and Macao to the motherland is approaching, co-operation between Guangdong, Hong Kong and Macao is a hot topic at an ongoing forum held by the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference (CPPCC).

Members from Hong Kong and Macao have raised many views and suggestions through various forms such as symposiums and group discussions.

All of them held that the return of Hong Kong and Macao represents the trend of the times and aspiration of the entire Chinese people and they said that they are confident about the future of these two areas.

On increased co-operation and exchanges between the three areas, many members set forth insightful views and opinions.

Xu Shiyuan, a member from Macao, said that the economic co-operation should be aimed at high-level development in a planned, scientific and long-term manner with governmental participation.

Zhou Jiebing, a new member from Hong Kong, also put forward detailed suggestions on investment, personnel training, exchanges and so on, and expressed the hope that the pace for economic cooperation should be accelerated.

She also suggested that an association for promoting economic co-operation between the three areas should be established.

Moreover, some members from Hong Kong and Macao urged that Guangdong should take full advantage of its role as a bridge, acquainting people in Guangdong with the customs and lifestyles of Hong Kong and Macao while providing Hong Kong and Macao residents with more information about the interior.

Hong Kong: Plea Made To Accept 'Forgotten' Vietnamese Refugees

HK0502092596 Hong Kong EASTERN EXPRESS in English 5 Feb 96 p 3

[By Marine O'Neill]

[PTS Transcribed Text for FBIS] An urgent appeal has been made to the international community to accept more than 1,000 "forgotten" Vietnamese refugees who have been stranded in Hong Kong for up to 16 years.

St Stephens Management, which runs Pillar Point camp, warned yesterday that time was running out for the 1,350 boat people with refugee status based there.

James Ginns, the centre manager at Pillar Point, said unless resettlement countries "change their attitude", the boat people may find themselves with nowhere to go after the handover.

"The situation is urgent," Ginns said. "There is only a short time to go before 1997 and China wants all Vietnamese boat people out of Hong Kong, and this almost certainly applies to refugees given that China is a non-signatory to the Geneva Convention on Refugees."

Britain, which has refused full citizenship to the territory's war widows and Hong Kong-born Indians who

will be stateless after next year's handover, is not expected to welcome the Vietnamese.

Ginns criticised the international community for favouring refugees with links to overseas countries rather than judging cases by merit.

"Refugees with brothers or sisters abroad can often get resettled very easily. But we have a lot of very deserving cases at Pillar Point where people have tried very hard to make a life for themselves, to find jobs to support their families, who have no links to overseas countries," Ginns said. "We need countries to start looking at resettlement by merit rather than family links. If they don't have any links, it's very hard for them."

The United Nations High Commissioner for Refugees (UNHCR) estimates only about 200 people at Pillar Point can be resettled because the quota laid down by countries of third asylum is still so small.

The UNHCR is responsible for finding homes for Hong Kong's screened in boat people but some insiders feel the organisation is not working hard enough to achieve that goal.

"The UNHCR could do with increasing their efforts. They need to push harder for resettlement," one source at the camp said. But that seems an unrealistic scenario given that the UNHCR plans huge cuts in Hong Kong and the region as the Comprehensive Plan of Action winds down and the organisation pulls out of Vietnamese detention centres.

"I think the plight of the genuine refugees has been overshadowed by the publicity given to the 20,000 Vietnamese detainees recently," Ginns said. "Some of the people at Pillar Point came here as long as 16 years ago. Many have been here for 15, and eight years is the average length of stay," Ginns said.

One of the resolutions made by more than 30 countries that attended a conference last month in Bangkok on Vietnamese boat people was to speed up resettlement for genuine refugees.

"We haven't seen any commitment to that agreement, or any sign of it being adopted by those countries. I think the international community is not doing enough to help these people," Ginns said.

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